FINANCIAL TIMES

No. 27,693 Friday October 20 1978 ** 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pta 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Heath attacks Tory pay line

Former Prime Minister Mr. Edward Heath last night condemned the non-interventionist approach to pay policy being adopted by the Tory leadership as an "abdication of government."

Monetary and fiscal policies alone could not curb inflationary wage settlements. If the Labour Government's present pay guidelines were destroyed, the country would take "a giant step back towards disaster," he told Chelsea Conservative Association.

Prices would rocket, companies would be unable to meet excessive wage demands, and thousands of workers would find themselves priced out of jobs. Back Page

Stonehenge raid

The ancient stones of Stonehenge were daubed with red paint by raiders who slipped through the monument's tight security system. Police believe a group protesting against the slaughter of New Forest ponies may be responsible.

Trains halted

Northern Ireland train services were at a standstill after warnings that bombs had been planted on the Belfast lines to Dublin, Londonderry and Bangor.

Talks problems

The Israel-Egyptian peace talks have run into serious difficulties, Israel Foreign Minister Mr. Moshe Dayan told President Carter in Washington.

Painting found

A Salvador Dali painting worth nearly £126,000, stolen from a Riviera villa more than five years ago, was recovered at a Paris air terminal left luggage office after an anonymous call to police.

Oil clean-up

As operations to pump oil from the crippled tanker Christos Bitas progressed well off the Welsh coast, workmen cleared oil from holiday beaches near the River Conway estuary after last week's oil leak from a tanker at Anglesey.

Telegraph peace

London editions of the Daily Telegraph were being printed again last night after acceptence of a peace formula by 240 striking printers, members of the National Graphical Association. The strike has cost the paper more than 13m copies.

Peer found shot

Viscount Blakenham, the former Tory Cabinet Minister and past chairman of the Conservative Party, was seriously ill in hospital last night after being found with gunshot wounds on Monday.

NF prosecution

National organiser of the National Front Mr. Martin Webster is to be prosecuted for incitement to racial hatred, Scotland Yard has disclosed. The alleged offences relate to incidents in Manchester and East London.

Lawyer plea

Every family should have its own solicitor to avoid becoming "punch drunk with excessive legislation," according to Law Society President Mr. John Palmer.

Briefly . . .

Melbourne man fulfilled his ambition to catch a giant cod but died from a heart attack in his excitement to haul it from the Murray river.

Ramon Mercader, the Spaniard who assassinated Leon Trotsky in Mexico in 1940, died in Havana.

Three men, held in West Yorkshire in connection with the killing of newspaper boy Carl Bridgewater, were released.

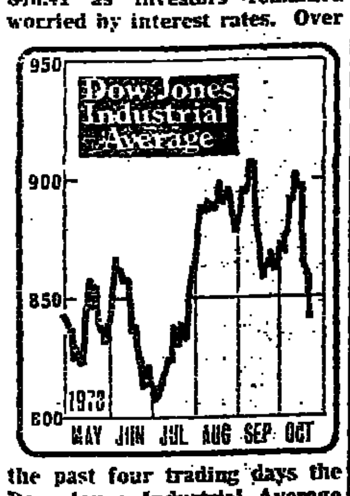
B-52 bomber crashed east of Los Angeles, killing five crew members.

Canadian Foreign Minister and High Commissioner were among people evacuated from London's Canada House after a basement fire.

BUSINESS

Wall St down 13; Golds up 6.6

● **WALL STREET** fell 13.26 to 846.41 as investors remained worried by interest rates. Over the past four trading days the Dow Jones Industrial Average has fallen 50.68.



● **EQUITIES** were quiet, reflecting economic uncertainties, but news of Namibia brought strong interest in Golds. The Gold Mines index closed 6.6 up at 157.8. The FT ordinary index closed 1.0 up at 495.6.

In Germany the Commerzbank index rose 9.1 to an eight-year high of 863.8.

● **GILTS** closed mixed and the Government Securities index fell 0.04 to 69.21.

● **STERLING** fell 15 points to $1.9945 and its trade-weighted index rose to 62.1 (62.0). The dollar's depreciation narrowed to 10.8 per cent (11.0).

● **COFFEE** prices fell sharply in heavy speculative selling and the January position closed £51 lower at £1,492 a tonne. Page 43

● **GOLD** fell $2 to $226 in nervous trading in London—and in New York the Comex October settlement price was $225.40 ($228.60).

● **STOCK EXCHANGE** has said it will maintain and defend its restrictive practices—a move which will lead it inevitably into the Restrictive Practices Court. Back Page

● **MONEY SUPPLY** rose sharply last month because of an exceptionally large central government borrowing requirement, Bank of England figures show. Back Page, table Page 9

● **CONSUMER** spending is now running at a record level, after rising sharply during the summer above its previous peak in early 1973. Back Page

BL plan for Land Rover

● **BL** has submitted to the NEB its £280m programme to double output of Land Rover and Range Rover models. But the plan may run into industrial relations problems. Back Page

● **INLAND CONTAINER** handlers at depots in Leeds and Birmingham are seeking to be reclassified as dockers because of fears of job security. Page 16

● **SHIPBUILDING** union leaders are to meet the Industry Secretary to discuss the 10,000 redundancies involved in British Shipbuilders' corporate plan. Page 16

● **POWER STATIONS** or liquified natural gas terminals could be built in the North Sea to exploit gas reserves that would otherwise be flared. Energy Review Page 10

COMPANIES

● **ROYAL DOULTON TABLEWARE** has been strongly criticised by the Price Commission over problems of cost and stock control. The Commission has allowed a 9.3 per cent price rise. Page 9

● **HAWKER SIDDELEY** Group trading profit for the six months to June 30 rose from £43.9m to £48.6m. Page 30 and Lex

● **COATES BROTHERS** first half pre-tax profit rose £461,000 to £5.192m on turnover of £44.08m (£41.13m). Page 30

● **SIME DARBY** Holdings have snubbed attempts by its auditors to obtain fuller details of why they are being dismissed. Page 34

Pledge on exchange rates by Healey and Governor

BY MICHAEL BLANDEN and PETER RIDDELL

Mr. Denis Healey, the Chancellor, and Mr. Gordon Richardson, Governor of the Bank of England, attempted last night to reassure the City and the markets about short-term monetary developments and the longer-term aims of Government policy.

In their speeches to the Bankers' Dinner at the Mansion House both said that fiscal and monetary policy should be aimed toward ensuring a stable exchange rate, whether or not Britain joined the proposed European Monetary System.

Mr. Healey stressed that "if earnings do grow too rapidly over the present pay round the fiscal and monetary policies to which we are committed are bound to slow down the growth of output and raise unemployment."

Mr. Richardson expressed his concern that "the economy should enjoy expansion at a rate which is sufficiently temperate to be sustainable."

The Chancellor emphasised that the top priority was to keep inflation under control and that the Government would continue to use a wide range of policy instruments to this end "whether a satisfactory monetary system comes about or not."

He added: "We believe that so long as we do so, we will achieve stability in our exchange rate."

Similarly, the Governor stressed the need for policies which "not only underpin the domestic value of our currency but also the stability of its external value."

Both said that depreciation of the pound did not provide an easy way of restoring competitiveness of British goods. The Chancellor commented that "depreciation can no longer be treated as a soft option."

The Governor developed the argument with the view that the route of depreciating sterling was seen to be increasingly dangerous. "It certainly brings inflation and, quite likely, accelerating inflation."

While neither speaker gave any pointer to likely decisions on either the European Monetary System or the current review of monetary targets, both attempted to allay City fears about progress so far.

Mr. Healey told the bankers that after "very large" gilt-edged sales in the summer the Government was "now ahead" with its funding programme for this year. The growth of bank lending had slowed down 'without creating difficulty for industrial borrowers."

Mr. Richardson said that while the corset controls had brought some distortions in the banking figures the performance in relation to the current monetary targets had been satisfactory.

However, he emphasised that the authorities would not relax their vigilance.

"Furthermore," he added, "Over the time-scale of years which steady perserverance in our fight to reduce inflation involved, we shall need not merely to keep monetary growth steady; it ought to be reduced."

This was not meant as a reference to the review of the rolling monetary targets for the current financial year, which will be completed next month.

The Governor emphasised the importance for the conduct of monetary policy of ensuring that there was no relaxation of the constraints on public spending.

"Indeed, for the longer term, public spending needs to be contained so as to permit the progressive reduction of direct taxation which seems so widely desired," he said.

The Chancellor strongly defended the Government's incomes policy without giving clues to the thinking on the present phase of pay restraint.

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Callaghan caution on monetary proposals

BY ADRIAN DICKS

BONN, Oct. 19.

MR. JAMES CALLAGHAN today expressed cautious interest in British participation in the proposed European Monetary System, but left his host, Chancellor Helmut Schmidt, in no doubt that he feels the time is not yet ripe for a final decision.

At the end of two days of talks, the Prime Minister emphasised that his main preoccupation continues to be controlling inflation. The Government he said, was determined to win this battle.

An "effective and durable" European Monetary System might make a valuable contribution to wider exchange rate stability within Europe and vis-a-vis the dollar, but discussions on the current proposals had not yet reached a stage where the British Cabinet could pass judgment.

In contrast, the talks have cleared almost all the obstacles standing in the way of formal British re-entry into the European Airbus consortium.

Mr. Callaghan said that Britain was ready to join the airbus programme, and would have much to contribute towards a strong European aerospace industry. "We cannot let this project drift into the sand," the Prime Minister said.

Herr Schmidt, paying tribute to the British Government's concern with inflation, reiterated his hope that Britain would join the monetary system. He believed the scheme could be prepared to the point where the December meeting of the EEC Heads of Government were able formally to endorse it.

The Chancellor said he was confident that the scheme could be put into effect on January 1.

Several hours of separate discussions between Mr. Denis Healey, Chancellor of the Exchequer, and Herr Hans Matthoefer, West German Finance Minister, were described by Herr Schmidt as having brought "clarifications" and "agreement in some areas." The two Ministers again discussed the precise intervention mechanism and credit arrangements of the system.

Although most observers here tonight concluded that neither side had changed its basic attitude towards the EMS proposals, the Prime Minister's visit does appear to have cleared the air.

British Ministers and officials were at pains to convince the West Germans that their approach towards EMS is not one of hostility

£ in New York

—	Oct. 19	Previous
Spot	$1.9945-9955	$1.9950-9960
1 month	0.40-0.30 dis	0.55-0.45 dis
3 months	1.60-1.60 dis	1.70-1.60 dis
12 months	5.75-5.65 dis	5.90-5.80 dis

Rhodesians bomb camp near Lusaka

BY OUR FOREIGN STAFF

RHODESIA yesterday launched its deepest air raid into Zambia, bombing a camp of Mr. Joshua Nkomo's Zimbabwe African People's Union only 12 miles from Lusaka. Hospital staff in the Zambian capital said that more than 300 ZAPU members had been wounded and "dozens" killed.

It is this year's third big raid on ZAPU bases in Zambia but the first near Lusaka. The attack will seriously embarrass President Kenneth Kaunda of Zambia. Eyewitnesses said that four jets and three helicopters swept over the camp shortly after 8 am and carried out bombing runs.

The attack took place while Rhodesian air and ground forces were also deep inside Mozambique on the second day of a search - and - destroy mission against guerrilla bases of Mr. Robert Mugabe's Zimbabwe African National Union.

Mr. Ian Smith, the Rhodesian Prime Minister, and his three black co-leaders in the transitional Salisbury Government are in the U.S., seeking support for their internal settlement agreement. They are to hold talks in Washington today with U.S. and British officials on the possibility of an all-party conference.

Michael Holman adds from Lusaka: A Rhodesian military communiqué last night said the Zambian raid had been on the headquarters of Mr. Nkomo's army. "The Rhodesian security forces took appropriate steps to warn the Zambian authorities of the fact that the attack was aimed only at the terrorist base and that it was in no way an attack on Zambia.

"In order to avoid accidental involvement with Zambian aircraft, a request was made for all civil air traffic to be clear from the area. This was complied with."

A series of explosions between 8.30 and 9 this morning left windows in Lusaka suburbs vibrating. By lunchtime, a steady stream of vehicles was ferrying the dead and injured to Lusaka Hospital.

The camp is about 12 miles north of Lusaka, off the highway to the copperbelt. I reached the gates before being questioned at gunpoint by ZAPU guards, but it was possible to see in the background shattered buildings from which smoke was still rising.

Mr. Nkomo, condemning the raid as "criminal," maintained that the camp housed the sick and refugees, as well as young men not destined for the army.

● Rhodesia's Joint Manpower Minister, Mr. Rowan Cronje, announced that all black men aged between 18 and 25 years and with at least two years of secondary education would be required to register for military call-up next month.

South Africa agrees to more Namibia talks

BY QUENTIN PEEL PRETORIA, Oct. 19.

SOUTH AFRICA today agreed to reopen talks with the United Nations on proposals for UN supervised elections in Namibia (South West Africa). But it refused to back down on its own plans for unilateral elections in the territory before the end of the year.

The deal, agreed between the South African Government and the five Western members of the UN Security Council, is aimed at breaking the deadlock over plans for a ceasefire and free elections leading to Namibian independence. If it succeeds, it could be a first step towards a wider detente in southern Africa. Failure could result in UN sanctions against South Africa.

Mr. P. W. Botha, the new South African Prime Minister, announced details of the agreement after a special Cabinet meeting today. He said both sides in the meeting of Foreign Ministers, including Dr. David Owen, the Foreign Secretary, and Mr. Cyrus Vance, the U.S. Secretary of State, had agreed that Mr. Martti Ahtisaari, the UN special representative for Namibia, should be asked to return to the Namibian capital of Windhoek.

He would there negotiate with Judge Marthinus Steyn, the the South African administrator date for UN-supervised elections general in the territory, on a firm next year, and on resolving South Africa's practical objections to such a poll.

The deal includes no public South African commitment to UN elections, and insists the December poll will go ahead. The status of the coming elections is left deliberately vague, and there is open disagreement on the enforcement of a ceasefire.

Diplomatic observers here admit that the package will be a difficult one to persuade the UN to accept. Dr. Kurt Waldheim, the UN Secretary General, must yet agree to send Mr. Ahtisaari back to Windhoek. It is understood Mr. Vance contacted Dr. Waldheim during the talks to keep him in touch with developments.

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Ford union chief calls for more negotiations

BY ALAN PIKE, LABOUR CORRESPONDENT

AN ATTEMPT to reopen negotiations in the deadlocked month-long Ford strike was made by the trade union side yesterday as international union leaders claimed that the toll of the dispute on the company's European operations was mounting.

The union initiative came in a direct approach to Sir Terence Beckett, chairman of Ford, by Mr. Reg Birch, a member of the Amalgamated Union of Engineering Workers executive and secretary of the trade union side of the Ford negotiating committee.

Mr. Birch said in a letter to Sir Terence yesterday that as trade union side secretary he believed Sir Terence and his colleagues should hold a "direct meeting with representatives of the Ford national joint negotiating committee to discover a way through what can only be described as a ghastly mess."

In a covering letter to Mr. Paul Roots, Ford's director of employee relations, Mr. Birch said that it was not his custom to address the company by direct approach to the chairman. Ford, however, went outside the national negotiating committee in a letter direct to the strikers this week urging them to influence union negotiators.

The company has said since the breakdown of last week's talks that the next move must come from the union side.

Ford is concerned first that the strike began when its agreement still had a month to run, and at the arbitrary way in which its offer a week ago was outside the Government guidelines was rejected. The former point is now less of an obstacle as the agreement expires tomorrow.

Delegates from Ford plants in Europe supported the British strikers at an International Metalworkers' Federation meeting in London.

The delegates said they expected production to stop at the company's plant at Genk, Belgium, next month, with up to 11,000 workers laid off.

German representatives said they expected production at Ford's Saarlouis plant to be

Ford could not comment in detail on the foreign unions claims yesterday, but it accepted thta the strike was having an increasingly accumulative impact on its Continental operations. But it said that such considerations would not force it into an "unacceptable" settlement.

Mr. Herman Rebhan, International Metalworkers' Federation general secretary, said that Ford workers in Europe were not doing work which would normally be done in Britain, and would make sure that sub-contractors did not take over the work.

No question of European financial support for the strike had been raised, but if the British unions required money the federation would urge its affiliates to make a substantial contribution.

After yesterday's meeting, the international federation's delegates went to Ford's Dagenham estate to join the picket lines.

● Wives of strikers at Ford's Southampton plant intend to hold a meeting on Saturday to demand a secret ballot on whether there should be a return to work.

● Ford will fill its empty stand at the International Motor Show at Birmingham today with famous old models and competition cars. New models have been blacked because of the pay strike.

German banks join Nigeria loan

BY FRANCIS GHILÈS

A CONSORTIUM of West German and Austrian banks has unexpectedly decided to participate in a large Eurocurrency loan to Nigeria, pushing the total size of the facility up from $750m to $1.15bn. The loan is, however, still threatened by a dispute over trade payments between Nigeria and Ipitrade, the French trading company.

The size of this troubled Nigerian loan had previously been cut from $1bn to $750m when it seemed that the German banks had decided to go ahead with an independent project financing package for a total of DM 750m ($395m) rather than participate in the main credit.

The consortium's decision to join has increased the number of managers of the loan from six to eight. Deutsche Bank and Commerzbank have joined the six initial managers: Chase Manhattan, Citicorp International, Dresdner Bank, First Chicago, Midland Bank and National Westminster Bank.

Reluctance

The German banks' change of heart is of considerable significance for the future attitude of international banks towards Nigeria. The proposed DM 750m loan had been earmarked for a steel reduction plant at Warri, and was a clear example of a loan linked to a specific project.

The Nigerian Ministry of Finance has been trying to establish that all external bank funding for Nigerian development projects should take the form of loans not specifically attached in this way. As long as the German banks were holding out for a project-linked loan, other banks were reluctant to subscribe to the main loan.

Other banks however have made their participation in the Nigerian package contingent upon a solution to the Ipitrade dispute. Ipitrade was not available for comment yesterday.

The Eurocurrency loan is crucial to Nigeria because the country is short of foreign currency. An ambitious development programme and a considerable number of import contracts appear to depend upon its successful negotiation.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Abercom Invs.	100	+ 11
Common Bros.	172	+ 6
Corn Exchange	255	+ 73
Daejan	115	+ 7
GEC	323	+ 5
Hawker Siddeley	244	+ 8
Midland Educational	263	+ 17
Sandeman (G.)	67	+ 5
Scholes (G. H.)	290	+ 15
Sime Darby	109	+ 6
Anglo Utd. Dev.	242	+ 22
Berjuntai	265	+ 15
Buffels	783	+ 34
Cons. Gold	180	+ 6
De Beers Dfd.	398	+ 12
Doornfontein	378	+ 16
Elsburg	101	+ 10
Harmony	327	+ 20
Northgate	405	+ 40
RTZ	260	+ 5
Rustenburg Plat.	112	+ 9
Tronoh	245	+ 10
Union Corp.	296	+ 12
Westfield Minerals	160	+ 30

FALLS

Beecham	675	− 13
Birmingham Mint	126	− 8
Dunbee-Combex-Marx	101½	− 18½
Eastern Produce	89	− 6
House of Lerose	63	− 4

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FEATURES

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Rising Swiss franc forces gold reserve revaluation

BY JOHN WICKS

BERNE, Oct. 19.

GOLD RESERVES of the Swiss National Bank will have to be revalued, Dr. Fritz Leutwiler, the Bank's president, said in Berne to-day. This would be necessary because of depreciation requirements for 1978, estimated at up to SwFr 6bn (£2bn) arising from the increase in the Swiss Franc exchange rate.

It has not been decided how the revaluation of the gold holdings, which total SwFr 11.9bn, will be carried out. The bank's gold reserves are valued at SwFr 4,595.74 per kg.

Foreign-currency reserves of the National Bank rose to a record level of SwFr 25.2bn in mid-October. After the announcement of its new monetary policy on October 1, the bank intervened on the foreign-exchange market to a total of more than SwFr 3bn within three days, Dr. Leutwiler said. Of the gross foreign-currency influx of more than SwFr 14.42bn between the beginning of the year and October 17, SwFr 4.8bn was accounted for by the first two weeks of October. Almost all the gross influx was accounted for by national bank interventions.

Dr. Leutwiler stressed the determination of the monetary authority to keep up interventions necessary to depress the Swiss franc exchange rate. The D-mark cross-rate would not fall back to below 80 centimes, he said. The National Bank regarded this cross-rate as a reference point, however, and was aiming to push down the overall level of the Swiss franc rather than support the D-mark as such.

It was too early to say whether there could be any approximation of the Swiss franc to the European Monetary System but there were signs that Swiss collaboration would now meet with fewer difficulties than hitherto.

In connection with Swiss monetary policy, it will now be impossible to keep within the money supply expansion limit of 5 per cent set as a goal for 1978. This is now expected to rise by some 15 per cent over this year. However, the National Bank claims this will be offset by the deflationary effects of Swiss franc revaluation. It has not yet been decided what money supply growth target, if any, will be fixed for 1979.

Our foreign staff adds:—Switzerland's move will mean that four of the world's six largest holders of gold have now made the decision to revalue their reserves at close to market prices.

France announced its decision in January, 1975, Italy in December, 1976, and Holland a few months ago. (South Africa, in April this year, and Australia, in August, 1977, have also revalued.)

Of the top six, only the world's two biggest holders, the U.S. and West Germany, are keeping to a policy of valuing their gold at or near the old official price

W. Germany to curb liquidity

By Guy Hawtin

FRANKFURT, Oct. 19.

THE BUNDESBANK, West Germany's Central Bank, today increased its minimum reserve requirements for the country's banks by 9 per cent. The move was to soak up some of the excess liquidity in the hands of the credit institutions as a result of the Bundesbank's recent extensive intervention in the foreign exchange markets.

Dr. Otmar Emminger, Governor of the Bundesbank, said today that the move would take a good DM 4bn ($2.18bn) out of the system, without adversely affecting the financial elbowroom for economic growth.

The foreign exchange inflows from the end of June to today totalled about DM 13.5bn ($7.36bn), said Dr. Emminger. Of this, some DM 10bn alone could be apportioned to intervention in support of the European "Snake."

In reaching its decision, the Central Bank Council had also considered the silent success of the two sales of mobilisation paper on October 12 and October 18 which had skimmed off DM 1.5bn each.

The Central Bank Council had decided that the best way to deal with the glut of money stemming from the foreign exchange inflows was to strongly increase the public credit balance of the Central Bank. Dr. Emminger said that the glut was only a temporary factor and was already beginning to melt away.

However, the liquidity situation of the country's banks during November would have been DM 6bn to DM 7bn greater, it was estimated. Something had to be done to counter this, bearing in mind the economic and price-dampening effects of the increase in the Deutsche Mark's value.

Top French Presidential aide may become Foreign Minister

BY ROBERT MAUTHNER

PARIS, Oct. 19.

M. JEAN FRANCOIS-PONCET, President Giscard d'Estaing's top aide, is expected to replace M. Louis de Guiringaud as French Foreign Minister in December, according to increasingly persistent reports.

The change has been mooted for a long time and is not directly linked to the political storm caused by M. de Guiringaud's outspoken criticisms earlier this week of the Christian militias in Lebanon. But it is clear that the President considered the moment ripe to give more substance to the rumours through unofficial hints to the Press

M. de Guiringaud, aged 67, is himself reported to be in favour of relinquishing his post to M. Francois-Poncet a career diplomat, who is Secretary-General at the Elysee Palace, at the beginning of December. This would give his successor time to play himself in before France takes over the presidency of the European Community's Council of Ministers at the beginning of 1979.

The only consideration which could delay an announcement is that the Government does not want to give the impression that it intends to modify its Middle East policy, particularly as regards Lebanon.

M. Raymond Barre, the Prime Minister, in a statement to the National Assembly yesterday, endeavoured to placate pro-Christian sentiments among Government supporters. He implicitly rebuked the Foreign Minister for his sharp attack on M. Camille Chamoun and his Christian militia.

Dutch criticise air report

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 19.

THE DUTCH Air Transport Board has criticised a Spanish Ministry of Transport report which blamed the pilot of a KLM airliner for the world's worst air disaster—the collision, between two Boeing 747 jets in Tenerife last March, in which 582 passengers and crew were killed.

The Board, which supervises air safety, described the report as "very one-sided" and not in agreement with the findings of Dutch experts. It is now arranging for a translation of the report from the Spanish and expects to be able to give a considered reaction within a few days.

The Air Transport Board said it does not share the conclusions reached by the Spanish authorities. These were that the KLM pilot took off without permission, that he did not obey the "the stand by for take-off" command from the control tower and that he did not stop his take-off when he learnt that a Pan-American jumbo was still on the runway.

Sweden may cut N-plans

By William Dullforce

STOCKHOLM, Oct. 19.

SWEDEN MAY halt its nuclear power programme at 11 reactors, Mr. Carl Tham, the Minister responsible for Energy Matters in the new Liberal minority Cabinet, suggested in his first public statement. Conflict over nuclear power broke up the three-party non-Socialist Government two weeks ago.

"We must use those reactors which are in operation or under construction, provided the safety issue can be solved," Mr. Tham said. Sweden has six nuclear power stations operating, five in various stages of construction and two more approved by the last Riksdag (Parliament).

The new Government's policy would be to ensure that Sweden had sufficient energy but also to reduce the risks entailed in both oil and nuclear power.

Unemployment up in Norway

By Fay Gjester

OSLO, Oct. 19.

UNEMPLOYMENT in Norway jumped sharply during the third quarter of this year, reflecting the steady stagnation in business, industry and shipping.

According to the Central Bureau of Statistics, 43,000 people were looking for work in the week ending August 27, representing 2.3 per cent of the labour force. This is the highest figure since the fourth quarter of 1975, and compared with only 29,000 in the second quarter of this year and 25,000 (1.3 per cent) in the third quarter of 1977.

Total employment in the third quarter of this year, at 1.88m, was only slightly down from a year earlier, but the figure for hours worked was 2.3 per cent lower.

Troops called to Rome hospitals

BY PAUL BETTS

ROME, Oct. 19.

TROOPS have been called into ensure essential services at Rome's main public hospitals because of a protracted strike of hospital workers.

The strike has spread to hospitals in other major Italian cities including Florence, Naples, Milan and Palermo. It began when hospital workers rejected their existing labour contract which, they claim, leaves their base wages below the national average.

The authorities have called a series of emergency meetings to seek a solution to an increasingly explosive situation. In Rome hospitals, soldiers have taken over all catering as well as emergency sanitary services. Relatives of patients are helping to maintain essential services.

The dispute comes together with a series of other protracted and socially disruptive disagreements, especially in the transport sector. The root causes are the so-called "autonomous" union movements which are challenging the controlling role of the country's three main and politically powerful labour confederations.

At the same time negotiations for the renewal of a number of major three-year national labour contracts have started, and there are few signs that the rank and file is willing to follow leadership recommendations for more moderate wage claims.

Apart from the challenge from the "autonomous" members, the labour leadership appears to be concerned about the attitude of the workers towards curbing labour costs to promote a general economic recovery and competitiveness of Italian exports.

The key engineering and metal workers' union of about 1.5m members is asking, at this preliminary stage in the negotiations, for substantial wage increases, well above the current annual rate of inflation of between 12 and 13 per cent. It is also asking for a reduction in the working week to 38 hours and eventually to 36 hours. This is opposed by the employers and is also causing tension within the union movement.

The minority Christian Democrat Government has warned the unions that unless the increase in labour costs is contained the three-year (1979-81) economic recovery programme will be jeopardised as will the present fragile political coalition.

Portugal 'on the mend'

BY JIMMY BURNS

LISBON, Oct. 19.

PORTUGAL'S balance of payments position is on the mend and her current account deficit may be reduced to below $1bn by April 1979 as required by the International Monetary Fund.

This has generated a feeling of cautious optimism among the international banking community.

This was the main conclusion at a three-day international bankers seminar on the Protuguese economy which ended here last night.

The seminar, organised by the Banco Portugues do Atlantico, Portugal's leading commercial bank, drew over 120 investment and commercial bankers from all over Europe, Latin America, the U.S. and Japan.

Mr. Hamish Lamont, of the merchant bank Hill Samuel said: "The fundamental thing which a commercial banker or an investment banker looks for in lending to a client is stability and I believe that everybody here will agree with me that much of what we have heard over the past two days must add to our understanding of what is happening in Portugal and particularly to our appreciation of the way in which the authorities in Portugal have brought the Portuguese credit back from the very difficult times of a few years ago."

Polish leader going to Rome

By Christopher Bobinski

WARSAW, Oct. 19.

THE POLISH state delegation for the enthronement of Pope John Paul II in Rome on Sunday will be led by Mr. Henryk Jablonski, the Head of State. The delegation at the last enthronement was headed by the least senior of Mr. Jablonski's deputies, Mr. Tadeusz Mlynczak.

Optimism reported in Finnish industry

BY LANCE KEYWORTH

HELSINKI, Oct. 19.

THERE IS a more optimistic mood about the prospects for increased economic activity in Finnish industry. This conclusion is drawn from the "Business Barometer" of the Confederation of Finnish Industry which sends out a quarterly questionnaire to member companies.

But Mr. Timo Laatunen, managing director of the Confederation, thinks some firms have been over-optimistic. The international market gave no reason to expect continued growth for Finnish exports on the same scale as in the current year.

The situation varies from branch to branch. In the metal and building sectors it is still weak, and the consumer goods branch is now more cautious in its predictions. Only the forest and chemical industries expect a real cyclical improvement.

Total industrial production shows a creeping upward trend which should continue into the first half of 1979. Although new orders have increased, order books are thinner than normal with only the clothing industry reporting a normal level of orders. Capacity utilisation has improved recently, but very slowly, with 84 per cent of the responding companies still reporting spare capacity. Stocks are being run down and, in some companies, are back to normal.

New investments plans, crucial for unemployment, were the same in November as in June. According to the latest answers, investment will remain at the present low level in the year ahead.

First Albanian tractor rolls off assembly line

BY ANTHONY ROBINSON

ALBANIA HAS announced triumphantly the birth of the first Albanian tractor which rolled off the assembly line of the Enver Hoxha automobile-tractor complex in Tirana at the weekend. The tractor plant was one of the 142 projects which China was helping to construct before the decision last July to cut off all further aid and withdraw Chinese technicians from the country.

The new tractor is a 75 hp model and the plant is also planned to turn out 55 hp motors for tractors and combines.

At the ceremony inaugurating the new plant, which was attended by top officials led by Mr. Mehmet Shehu, member of the Politburo and First Secretary of the Council of Ministers, China was criticised for "creating many obstacles and difficulties for the construction of this important project."

Similar attacks on Chinese obstructionism accompanied the inauguration of the first two turbines of the Fierza hydro-electric station on the River Drini which is one of the most important infrastructure developments in the current five-year plan.

According to the sixth five-year plan electricity output is scheduled to have risen 2.2 times the 1975 level by 1980 and once the Fierza hydro scheme is fully operational it is expected to treble output of hydro-electricity. Another major project scheduled for this plan period is another "powerful" hydro electric station at Koman, also on the River Drini.

Much of the increased power output is linked to the planned increase in extraction and refining of the chrome, copper, ferro-nickel and other ferrous and non-ferrous metals, which together with coal, gas and oil make up Albania's principle natural resources.

The principal project in this field is the "Steel of the People" metallurgical complex at Elbasan whose first stage has also been reported from Tirana. The agglomeration section of the pig iron plant, the middle laminate section, rolling works and associated oxygen plant and engineering plant were inaugurated in a ceremony at the weekend. Last month Albania also announced that the third electric furnace had come into operation.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $205.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Latin Americans in exile fear Spanish clamp-down

BY ROBERT GRAHAM

MADRID, Oct. 19.

REPRESENTATIVES OF the large Latin American community here have made an urgent appeal to the Government to reconsider its new tough policy on work and residence permits. Unless altered, this policy will lead to large-scale expulsions and considerable hardship, they maintain.

The appeal has come from a specially formed co-ordinating committee of Latin Americans living in Spain, for the most part political exiles. Their plight stems from the introduction of a decree, effective from October 10, which makes it much harder—and in some cases impossible—for Latin Americans to renew work and residence permits.

Estimates of the size of the Latin American community in Spain range from 70,000 to 100,000. The Latin Americans, most of them Argentinians, live almost exclusively in Barcelona and Madrid. Since the death of Franco in 1975 the community has swollen, taking advantage of a law of December 1969 which exempted Latin Americans—as well as Filipinos and Andorrans—from the normal visa and work permit regulations, effectively putting them on the same footing as Spaniards.

Until early this year this law was liberally interpreted permitting thousands of Latin Americans to make Spain their home in exile. Rather belatedly the Ministry of the Interior seems to have realised that such a liberal interpretation was potentially dangerous. In particular, the Interior Ministry felt that Latin Americans were responsible for pushing up the crime rate and for establishing links with extremist groups involved in terrorism.

The unions have also pressed for a general tightening of regulations for work permits at a time of high unemployment. A combination of these elements, government officials say, has forced a review of immigration policy, and the publication on August 10 of a decree that, without strictly saying so, nullifies the liberal provisions of the 1969 law.

The decree abolishes the concept of special status for persons coming from Spanish-speaking countries in work and residence permits. Instead such persons now must obtain the permission of the local Civil Governor to live and work in Spain. Moreover, when the normal 90-day tourist visa expires, people will now need to seek permission to reside in Spain from the Spanish consulate in their country of origin. For political exiles, such a move presents obvious and insurmountable problems. Indeed, the decree has been so framed as to leave little doubt that the Spanish authorities want a free hand in deporting whom they wish.

Members of the co-ordinating committee say that the problem is not legal but political. They reject the unemployment argument on the grounds that Latin Americans here are from the professional classes while unemployment in Spain is primarily among unskilled workers.

They claim that Spain's recent strong espousal of human rights before the United Nations should not permit it to deny the right to political asylum, and also point out that the decree runs counter to provisions in the constitution, about to be approved, that recognise the right to asylum.

Less mentioned but perhaps more important are two unrelated elements. The Latin American community here has proved exceptionally dynamic, much quicker and "sharper" than the Spaniards — something which has aroused a degree of antagonism. Secondly, there are strong commercial pressures on the Government by Latin American dictatorships like Argentina. These countries believe that their nationals are using Spain as a base from which to organise opposition, and Spain's strong commercial position in Latin America is therefore being used as a bargaining counter.

FRENCH UNEMPLOYMENT

Foreigners encouraged to leave

BY DAVID WHITE IN PARIS

FRANCE, the temporary or permanent home of a third of the EEC's immigrants, is threatening to toughen its attitude to foreign workers and their families in the face of increasing unemployment. M. Raymond Barre, the Prime Minister, has warned that the Goverenment is reconsidering its immigration policy.

Already, in spite of its reputation as a homeland for all, France has brought in measures which go beyond, for instance, those being advocated by the Conservative Party in Britain. The French Government has an explicit long-term policy not only to stop the net inflow (an aim now being achieved), but also to reduce the number of foreign residents. This total of about 4m, more than twice the number in the UK and a bigger proportion than in any EEC country excepting Luxembourg, took about 15 years to build up before 1974. Government officials expect to spend another 15 years running it down again.

The Government has been tightening up for a decade, since the last months of Gen. de Gaulle's presidency. Quotas were established at an early stage with the main supplier countries, notably Algeria and Portugal. Since 1974 new work permits have been cut back. The police have clamped down on spurious "tourists." Most controversially, for more than a year foreign workers have been offered cash incentives to go home.

The incentive of FFr 10,000 (£1,175) plus a one-way tourist air fare was first offered in June

THE NUMBER of East Europeans who have applied for political asylum in Austria has risen dramatically this year, Paul Lendvai reports from Vienna. During the first half of this year, 1,372 refugees were registered compared to 777 in the same period last year. Romania was in first place with 465 refugees, four times more than last year, followed by Poland (304) and Hungary (210).

last year to immigrants who were receiving unemployment payments. The number concerned was estimated at 50,000. In November, the scheme was extended to any immigrant after five years' work in France. These number about 1.2m. Applications received to date cover about 50,000 immigrants, including families. The applicants have been mainly Spanish and Portuguese wage-earners, many of whom might have been going home anyway. Some have been persuaded to take the offer rather than be made redundant, thus being cheated of more advantageous redundancy payments.

If the scheme has done little to reduce the work force, it has embittered immigrants' organisations and added to France's problems with Algeria.

Dependents of foreign workers are still allowed entry. But their children, except in the case of the Spanish and Portuguese (who seem likely at some stage to come under EEC rules), cannot receive work permits unless they have been educated in France. Illegal immigrants, except refugees, are systematically deported.

The latest threat hangs over some 400,000 Algerians whose residence rights come up for renewal in the spring. The Government has hinted that renewal will not be automatic. On the other hand, M. Lionel Stoleru, State Secretary for Manual Workers, promised that "we have no intention at all of acting brutally."

Talk of sterner restrictions comes at a time when both trade unions and government officials note a rise in racial friction, a sphere in which, with the important exception of North Africans, France has a good record.

Some unionists now fear a repeat of the racial incidents of 1973, when attacks on Arabs in Marseille led to Algeria cutting off immigration to France. The main left wing unions, which foreign workers have been allowed to join since 1972, are campaigning against a policy which could be seen as veering towards compulsory repatriation. But they are often working against the grain of shop-floor attitudes. A union organiser in the steel industry in Lorraine, one of the main immigrant areas after Paris, Marseille and Lyons, said that among French workers "we cannot guarantee that we are 100 per cent understood."

The Government's policy means that in many people's minds the number of immigrants is firmly identified and equated with the unemployment problem. The number looking for work in France was close to 1.3m in September. Next door, the West Germans have managed to lower their unemployment figures through the reduction of foreign labour.

But would Frenchmen be prepared to take the immigrants' jobs if they were vacated? Many immigrants work for minimum pay in outmoded factories, or in bad conditions on building sites and refuse lorries. In Hamburg or Munich one can see uniformed white workers clearing the rubbish. In Paris or Lyons these services depend almost entirely on Africans.

The other question is, What immigrants who do leave France will do when they return home? The Government is discussing with some other countries arrangements for returning workers, but there are many problems. A partial survey made by the authorities showed that although most Portuguese when they went home, went with a specific project in mind, a quarter or less of returning Tunisians had any idea of what they would do when they arrived.

The Government claim that there is no discrimination is becoming difficult to uphold. For instance, it is hard to maintain that police identity checks in Paris metro stations are not made against certain racial groups.

An unpublished survey conducted by the Government at the beginning of this year showed that prejudice was not a major worry for Portuguese immigrants. But for North Africans the main concern, after their jobs, was racism.

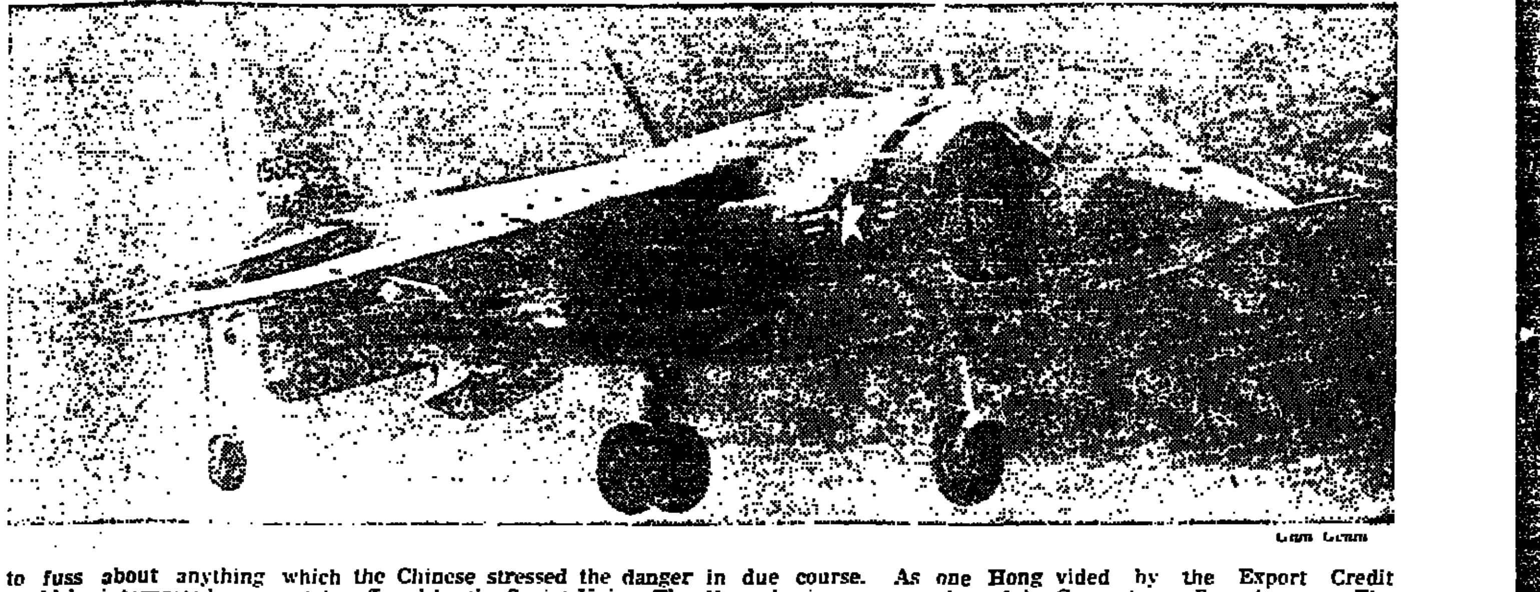
Next month the Government plans to launch a television campaign to show the cultural contribution made by different immigrant groups.

France also has an honourable tradition of harbouring political refugees. Latin American exiles have a big Paris colony. More than 50,000 people have come from Indochina since the Communist takeovers, partly selected by French missions.

VICE-PREMIER WANG CHEN'S VISIT

Peking's shopping list worries Moscow

BY COLINA MacDOUGALL



THE CHINESE Vice-Premier Wang Chen, due to visit Britain in early November, will be leading an important delegation which will look at a wide-range of industry probably including aircraft and offshore oil. Wang himself is frail and elderly but his team will include a couple of younger vice-ministers who will take on part of the programme. Coming too is a former Charge d'Affaires in London, and, as interpreter, Chi Ming-tsung of the Foreign Ministry Information Department, who supervised the two-year house arrest of the British Reuter correspondent in Peking in 1967.

Vice-Premier Wang's visit here is significant because it was he who first publicly announced last year that China wanted to buy the Hawker Harrier jump jet. He will be following quickly upon the Chinese chief of air staff, who went to the Farnborough air show, and a high-level military training mission here at present. His trip will be a working one, more so than that of the Chinese foreign minister, Huang Hua, who was here last week.

Neither the Harriers, nor indeed much other hardware, military or otherwise, were discussed during Huang's visit. It seems obvious that these were left for Vice-Premier Wang. There is no noticeable reluctance on the part of the British Government to sell the Chinese Harriers if they want them, despite the recent dire warnings of the Soviet Union. While COCOM (the committee which controls exports of strategic goods to communist countries) remains to be squared, the U.S. withdrew its objections earlier this year.

Britain has already told the Russians that closer relations with China need not impair its relations with any other country. Moscow is accompanying the progress of Chinese officials round Europe with loud complaint, but the feeling in Whitehall is that the alarm is more apparent than real. As a matter of policy, the Russians are going to fuss about anything which could be interpreted as remotely increasing Chinese strength. Certainly Britain would not do anything that would damage detente, but there is a long way to go in building up both the Chinese economy and even its military strength before that threshold is reached.

The visit to Britain of China's Vice-Premier Wang Chen will be an obvious opportunity for discussion of the purchase of Britain's Harrier jump jet. Only the RAF and the U.S. Marines fly the plane and the U.S. has withdrawn objections to its sale.

In any case Britain is already some way behind its partners in Europe in the race for contracts with China. The National Coal Board had bid for the contract to develop the new mines in Hopei province which finally went to the West Germans at a value of $4bn. The French Government is preparing a long term trade agreement proposing exchanges to be worth $11.4bn for signature during the Foreign Trade minister's visit to Peking at the end of November.

Naturally throughout the visit the Chinese stressed the danger offered by the Soviet Union. The problem is to know how far they really believe their own propaganda when they say, as they still do, that war between the superpowers is inevitable. In London they softened the line by adding "but not imminent." On Africa the Chinese view is deeply coloured by Russian and Cuban intervention, for although they affirmed their traditional support for national liberation movements, they rejected the idea of foreign intervention.

Hong Kong is the one major bilateral issue and in the present climate this time bomb was allowed to tick away imperceptibly. Today Hong Kong is more useful to Peking than ever before as a source of foreign exchange, and even of technology. The Chinese attitude is that its status will be negotiated in due course. As one Hong Kong businessman said ruefuly after yet another recent Communist property investment, Peking may have bought the New Territories outright by 1997 when the lease falls in. That was a joke, but one with some truth in it when Peking is evidently trying to tie in Hong Kong's economy with the adjoining area.

The subject of trade was not raised much during Huang Hua's visit here. Tendering for contracts is up to suppliers rather than the government. Nor is it really the Chinese Foreign Minister's job, though its present importance in China's modernisation plans means that it crops up frequently in discussions. All the British side was able to do during Huang's visit was to point out the advantages of bank borrowing in London and the subsidy on interest rates provided by the Export Credit Guarantee Department. The Chinese made no reference during the visit to the possibility that they might be interested in government to government loans, although on Mr. Huang's last day here a senior Chinese official told a British delegation in Peking (led by financier Lord Roll, chairman of S. G. Warburg) precisely that.

The main Hong Kong issue where China can help at present is in restricting the flow of legal immigrants, which in the first nine months of this year reached 42,000. Since the early 1950s there has been an understanding that this flow should not exceed 50 a day, and the figure is now three times that. The Chinese simply say that past agreements allow right of free movement between Hong Kong and China (as they do) but they acknowledge there is a problem. It is in their interest as much as Britain's to keep Hong Kong stable, and now that their economic and trade growth dominates almost all their thinking, co-operation in this area too seems very likely.

AMERICAN NEWS

Post strike challenge to Trudeau

By Victor Mackie

OTTAWA, Oct. 19

THE CANADIAN Cabinet met today to wrestle with the problem of how to get 23,000 striking postal workers to obey a new law and return to work.

The strike poses a challenge to Mr. Trudeau, the Prime Minister, to govern the country effectively, after Monday's 15 by-elections in which his government lost 10 constituencies to the Opposition and only succeeded in winning two seats, both in Quebec.

Legislation, passed on Wednesday night ordering the strikers back on the job, became effective at midnight. It forbids the workers to strike until the end of the imposed contract period on December 31, 1979.

M. Jean-Claude Parrot, president of the Canadian Union of Postal Workers, told members of the union to break the law and remain on strike. The majority indicated they would do so.

The aim of the new legislation is to ensure peace in the Post Office until legislation is introduced to turn it into a Crown Corporation.

The penalty for defying the new law is a fine of C$100 per day for a rank-and-file union member who remains on strike. Union officials face fines of C$2,500 immediately they recommend defying the law and fines of C$250 for each day they urge members to stay away from work.

Bankers Trust tests investment code

BY DAVID LASCELLES

NEW YORK, Oct. 19.

THE FRAGILE dividing line between Wall Street's commercial and investment banks is currently being put to the test by a decision at Bankers Trust, the ninth largest U.S. bank, to enter the jealously guarded commercial paper market.

This market, worth about $75bn a year, consists of short-term paper, up to 90 days, issued by corporations wanting flexible and brief access to funds. About $48bn of the total is issued directly by the corporations themselves through their financial departments, but the remaining $27bn is issued through dealers on Wall Street.

Commercial paper has traditionally been the preserve of the investment banks. But these banks also argue that this tradition is sanctioned by the 1933 Glass-Steagall Act which forbids commercial banks from underwriting any securities except those issued by state or other Government bodies.

However, it is not clear whether commercial paper ranks as a corporate security, particularly since the act is now over 40 years old. Taking advantage of this vagueness in the law, Bankers Trust decided earlier this Summer to move into the commercial paper market, and has since made two issues, one for International Telephone and Telegraph, and one for America Can. It is also talking to several other "high quality companies" with a view to handling their issues.

The move has caused consternation in Wall Street, particularly at Beckers and Goldman Sachs, the two largest issuers of commercial paper. At least one investment bank is considering taking legal action to stop Bankers Trust for fear of the precedent it could set. It is also possible that the Federal Reserve Board, which polices the banking industry, will be asked to investigate.

A spokesman at Bankers Trust said today that the bank's lawyers had been involved in the development of this service, and the bank believed it to be legitimate.

Bankers Trust's initiative is designed to counter the marked change in corporate borrowing habits brought about by the recent rise in interest rates. Instead of going to banks for loans, corporations have found it easier and cheaper to issue commercial paper, with the result that corporate financing business has begun to slip away from the commercial banks.

Interest rates on 90-day paper for prime borrowers are currently around 9 per cent compared to the commercial banks' prime rate which has just gone up to 10 per cent. The fee for commercial paper issues is also low, and dropping. It has recently been dropping from ⅛ per cent to one-tenth per cent.

It is doubtful, though, that Bankers Trust is making money on its commercial paper issues. One dealer today described the market as "a volume business" where profits only come with a high turnover.

The feeling among investment banks is that Bankers Trust's motive is both to maintain its share of the short-term corporate finance market and offer commercial paper services as a loss leader for its other business.

However, Bankers Trust said to-day it viewed its commercial paper operations as part of its overall short-term money operations which last year averaged $4bn a day, implying that it had the volume to make the business profitable.

U.S. crude imports drop 12%

By David Lascelles

NEW YORK, Oct. 19.

U.S. OIL imports, the key element in the country's foreign trade deficit, were lower in the first nine months of this year than in the comparable period last year. But they have recently begun to accelerate again and could reach 1977's daily level by the end of the year.

These facts emerge from the American Petroleum Institute's latest report on oil movements. Imports, other than those earmarked for the strategic reserve, averaged 7.9m barrels a day in January-September, which was about 12 per cent less than last year's 9m barrels. But in September, imports averaged 8.4m barrels, only 2 per cent below last year's level.

The Institute said domestic demand for oil in the first nine months of this year was 2.6 per cent higher than last year, at 18.8m b/d. Domestic oil production averaged 8.7m b/d 8.2 per cent more than last year.

The improved figures reflect the impact of Alaskan oil, which is now flowing at the rate of about 1.2m b/d, and has the potential to rise to over 1.5m b/d.

However, despite home insulation and other conservation efforts, there has been a marked growth in demand for petroleum products, particularly vehicle fuel where sales shot up during the busy summer months.

Firestone fails to agree on tyre recall

AKRON, OHIO, Oct. 19.

FIRESTONE TIRE and Rubber Company said it had failed to reach agreement with the National Highway Traffic Safety Administration on recalling its Firestone 500 steel-belted radial tyres.

A spokesman, in response to an inquiry, refused to comment on a Washington Post report that Firestone had reached a voluntary agreement with the Agency to recall an estimated 9m tyres.

Agencies.

Washington relaxes policy

WASHINGTON, Oct. 19.

THE U.S. Government has quietly lifted a moratorium on most high level visits to the Soviet Union which was imposed last summer after action by Moscow against dissidents and U.S. businessmen and journalists.

Administration officials said today that the new policy reflected a changed Soviet attitude which had helped to improve the atmosphere between the two countries.

The Administration never publicly used the word "moratorium" to describe the policy but said U.S. visits to Moscow not involving security issues would be "deferred on a case-by-case basis." Officials said privately, however, that "moratorium" would not be an inaccurate description.

Officials said several trips are now planned which would not have been made last summer. Mr. Julius Richmond, the Surgeon-General, the most senior U.S. health official, is scheduled to go to Moscow early next week for a meeting of the joint U.S.-Soviet committee on health.

AP

Mexico plans to triple oil exports

TOKYO, Oct. 19.

MEXICO PLANS to triple its oil exports to 1m barrels a day by 1981 and is interested in selling to Japan, Sr. Jose Lopez Portillo, the Mexican President said in an interview published here today.

President Portillo, who is due in Tokyo on October 30 for a five-day visit, said in an interview with a Japanese newspaper that co-operation with Japan was indispensible for his country

Reuter

ENERGY SOURCES

Difficulties in unlocking oil shale deposits

BY DAVID LASCELLES RECENTLY IN COLORADO

ONE AREA to which the United States turned after the Arab oil embargo in the quest for alternative energy sources was oil shale—for the country has lots of it. The problem was that no one knew the best extraction method, or the cost of the operation. Several years and a number of pilot projects later the answers to these questions are becoming clearer.

Oil shale consists of solidified hydrocarbons sandwiched between layers of clay. It can look like fine-grained wood, giving rich deposits the nickname "mahogany."

U.S. oil shale lies in huge deposits stretching beneath the Rocky Mountains of Colorado, Utah and Wyoming, an area known as the Green River formation. According to a U.S. Government study, about 1,800bn barrels of oil are locked up in these deposits. If only one-third was recovered, this would still be some 20 times the country's currently proven crude oil reserves. (Middle East proven reserves total 640bn barrels.)

But extraction is complex and therefore costly. First, the shale has to be mined. Next, it must be passed through a high temperature retort to melt and extract the oil, and then the oil itself has to be processed to give it the characeristics of natural crude.

Several oil companies have been tinkering with oil shale since World War II, mainly in Colorado where the richest deposits lie. But only after the sharp rise in oil prices in 1973 changed the economics of energy did a serious effort get under way. At the moment, work is going ahead on two fronts, under a federal programme and on a private basis. Because the scope of the work is so narrow, they frequently overlap.

Leaders in the private field include Union Oil and Occidental Petroleum, both based in Los Angeles. Union Oil has been building up its oil shale land since the 1920s and now has nearly 20,000 acres from which it mines shale to feed a couple of small test plants.

Recently, the company decided to take a bigger step, and announced plans for a large-scale experimental plant at its Parachute Creek property above the Colorado River, an area familiar as a backdrop to Western films with its pale, dusty hills and scrubby growth. This plant, if approved, would process 10,000 tons of shale a day into 9,000 barrels of oil.

The question is whether Union Oil's plan will be popular. Apart from being an untouched area which conservationists want to protect, the Colorado Hills have the peculiar property of exceeding federal hydrocarbon pollution limits on their own, without the help of man, because of emissions from plant life. For this reason, normal industrial development is reckoned to be impossible there unless the rules are changed, which is unlikely.

So other shale companies working in the area have adopted a different tack. They plan to put their entire operations underground, using a technique known as modified in situ retorting. This is a complicated operation performed in several stages.

First, the area is pierced by a number of horizontal and vertical mine shafts. A shale deposit up to 300 ft high and 50 ft square is dynamited and reduced to rubble. Finally, a carefully controlled fire is lit at the top of the rubble. The idea is that it melts the shale oil ahead of it as it works its way down and sends the oil dripping through to the bottom of the mine, where it is collected and piped to the surface.

Occidental Petroleum is the leader with this technique in a research and development effort backed by federal funding. After firing three experimental retorts at its Colorado tract starting in 1972, it moved on to building commercial-sized retorts, of which it has just fired the third. Although Occidental is chary of publishing the information gleaned from these experiments, it has released a few statistics.

The most striking is the recovery rate of 40 per cent of the total oil contained within an oil shale section. With a content of 25-30 gallons of oil per ton of shale, Occidental says it can recover about 1.2bn barrels of oil from a 300 ft thick oil shale section. This is about the same recovery rate as a good oilfield.

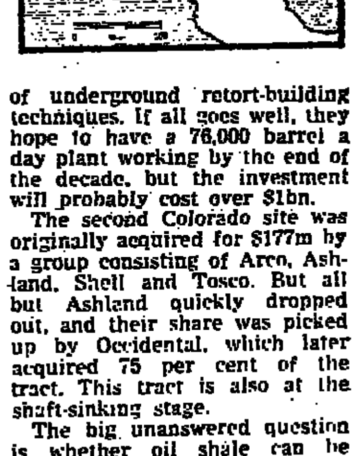
But commercial-sized retorts are expensive. Occidental puts the price at $650m-$800m, with the more expensive designs producing a better yield. These prices may be on the low side since they were calculated before recent "cost escalations."

Said Mr. Bob Fernandes, president of Occidental's oil shale division: "We are beginning to get some order of magnitude, and we now need to prepare some definitive cost estimates."

A sizeable research effort is also going ahead under a programme organised by the federal Government, which owns 85 per cent of the country's oil shale reserves.

In 1974 the Government auctioned two tracts in each of Colorado, Wyoming and Utah, though only the Colorado tracts drew serious interest. (No bids were made for the Wyoming tracts, and those in Utah are subject to a land title dispute.)

The richest Colorado tract was won by a joint $21m bid from Gulf and Standard Oil Indiana (AMOCO). The project is still at the shaft sinking stage, but the companies already speak of their expectations. They project a recovery rate of 20-30 per cent, somewhat less than Occidental's, though they say it could double with the perfection



of underground retort-building techniques. If all goes well, they hope to have a 76,000 barrel a day plant working by the end of the decade, but the investment will probably cost over $1bn.

The second Colorado site was originally acquired for $177m by a group consisting of Arco, Ashland, Shell and Tosco. But all but Ashland quickly dropped out, and their share was picked up by Occidental, which later acquired 75 per cent of the tract. This tract is also at the shaft-sinking stage.

The big unanswered question is whether oil shale can be economical. Gulf says it hopes its shale oil will compete with imported oil, currently priced at $14-15 a barrel. But others regard this as optimistic.

For instance, BP estimates the cost could be as high as $23 a barrel depending on local factors, and it says that for this reason oil shale development will not occur until after other hydrocarbons like tar sands and heavy oil have been exploited.

There are also refining problems. Shale oil is low in sulphur but high in nitrogen, which is costly to remove. It also has a high pour point, which makes it sticky and difficult to transmit

Furthermore, the fact that so many companies have either dropped out or steered clear of oil shale adds to the impression of uncertainty. Some of the original members of the Colorado tract had a stake in surface rather than in situ retorting, so they lost interest when it became clear that retorting would have to be done underground. Others, like Shell, pulled out because they saw no near-term benefit, though many of these companies retained their oil shale lands for later development.

Ultimately, oil shale has a good prospect of coming into its own as the world price of oil makes development economic, and as the vast potential can be realised. But the short-term prospects are hazy, particularly now that a Senate proposal to grant shale oil producers a tax credit of $3 per barrel failed to win inclusion in the Energy Bill.

Brazil security law reforms proposed

BY DIANA SMITH

RIO DE JANEIRO, Oct. 18.

ABOLITION OF the death penalty, banishment and perpetual imprisonment, and a clearer definition of national security, are the main points of the proposed reforms in Brazil's National Security Law.

The proposals also include the exclusion of bank robberies from crimes against state security and the reduction of the incommunicado period for political prisoners from 10 to eight days during police inquiries.

The reforms—the second stage in gradual institutionalisation of democracy—in Brazil have been proposed to Congress this week by President Ernesto Geisel.

He is the acknowledged prime mover of the relaxation of the tight controls that have gripped Brazil's political life and media since 1968.

Earlier this year General Geisel steered through a package of reforms that included lifting censorship on all the written media, but not radio or television. Habeas corpus for political prisoners was restored, presidential powers to call and maintain indefinitely a state of naional emergency were diminished and permission for university and school teachers to engage in political activity was renewed.

Despite the easing of strictures, pockets of Presidential control still persist. State governors and one-third of the Senate are appointed by the Presidential Palace.

However, Gen. Joao Baptista Figueiredo, the President-elect, who will take office on March 15 next year, has hinted that, during his six-year tenure, a return to direct elections for Governors and all the Senate might be possible.

During his tenure multiple political parties are due to return, provided they are not Marxist.

OVERSEAS NEWS

Assad, Bakr meeting possible following talks in Damascus

BY ROGER MATTHEWS DAMASCUS, Oct. 19.

THE CHANCE of a meeting in the next few days between the leaders of Syria and Iraq has increased as a result of talks which ended here last night. Although there is no attempt in Damascus to underplay the major difficulties involved in trying to resolve the long-running and bitter dispute between the two regimes, it is felt that sufficient progress has been made in the past three days to allow for a meeting between President Hafez Assad of Syria and President Hassan Bakr of Iraq.

Mr. Tariq Aziz, a leading member of the Iraqi Ba'ath Party, flew home to Baghdad last night with what is believed to be a series of proposals which at least could allow for a papering over of the cracks until the Arab summit meeting scheduled for November 2.

Both regimes consider that a meeting between their heads of state would give a major impetus to the Baghdad summit, called by Iraq to discuss action following the outline peace agreements signed by Egypt, Israel and the United States. Egypt has not been invited to the meeting.

The basis of the rivalry between Iraq and Syria is political—stemming from the split of the Ba'ath into two parties—but has spread to cover a wide area of competing interests. It has flared into violence at times, with assassinations in Damascus often being blamed on Iraqi agents, and has spread internationally with each country backing a different section of the Palestinian movement.

Only a month ago, the cars of Iraqi diplomats in Damascus were wrecked overnight in the street, while Syria is understood to have sent essential provisions through the diplomatic bag to Baghdad as their representatives there were prevented from buying at local shops.

It is therefore premature to anticipate any more solidly based reconciliation. Syria, in particular, is anxious to counter what is seen as mounting American pressure on King Hussein of Jordan to join the Camp David peace process. Evidence of inter-Arab differences being buried in opposition to Camp David might help to stiffen the Jordanian monarch's resolve.

Meanwhile, Syrian officials described themselves satisfied with the results of the talks held by six Arab Foreign Ministers in Lebanon earlier this week. The Arab deterrent force, essentially the Syrian army, will remain in position in Lebanon although certain "technical adjustments" might be made. Officials insisted that any replacement of Syrian troops in sensitive areas of East Beirut which are held by the right-wing militia led by Mr. Camille Chamoun, would be without any political significance.

It was stressed that whenever President Elias Sarkis of Lebanon decided to implement any of the agreements reached by the Arab Foreign Ministers earlier in the week—including the disarming of the country's warring factions—then he had the troops available.

Shah stresses Iran unity

By Andrew Whitley

TEHRAN, Oct. 19.

ON THE opening day of the Iranian Parliament's new session the Shah has warned a delegation of its office holders that unless the integrity of the nation is maintained, there would be nothing else to discuss.

He re-emphasised what has become a familiar theme: the importance of freedom of expression and assembly on one hand, and the threat to the country if the position of the monarchy was weakened or endangered.

In his annual address to office holders in the Majlis, the lower house, and the Senate, the Shah said that next year's general elections should be completely free, without any sort of interference. His remarks were made within the framework of administration efforts to give parliament a life of its own.

Although the nationwide wave of disturbances seems to have passed its peak, several important cities remain tense and troubled. The state-run Tehran radio noted today that a demonstration in the holy city of Qom had been broken up by the security forces.

Kerman in the south-east is reported to be closed down following Monday's rampage through the city by a large band of slum dwellers who dissidents claim were paid by the Government. And in Mashad, Iran's second largest city and most important pilgrimage centre, demonstrations and clashes have been taking place almost daily.

RHODESIAN AIR STRIKE

Raid exposes Kaunda's vulnerability

BY MICHAEL HOLMAN IN LUSAKA

LUSAKA STREETS are gaily decorated with bunting in the national colours of green, red, black and orange in preparation for next week's celebrations of the 14th anniversary of Zambia's independence. But today thousands of solemn Zambians left shops and offices to line the streets and watch the passing of dead and injured from a bombed camp of the Zimbabwe African People's Union (ZAPU).

The victims, carried in cars, trucks and ambulances to the city's university teaching hospital, were caught in a Rhodesian aircraft raid on a camp near Lusaka.

Only two weeks ago, President Kenneth Kaunda announced the re-opening of the southern route through neighbouring Rhodesia. Mr. Joshua Nkomo, the ZAPU leader, put on a brave front, pledging to fight on, reaffirming ZAPU's responsibility for the downing of the Air Rhodesia Viscount in which 48 people died, and threatening to do it again.

Mr. JOSHUA NKOMO

Kenneth Kaunda

Today's raid has exposed the vulnerability both of the Zambian Government and ZAPU, and leaves Dr. Kaunda on the horns of a dilemma. He can hardly close the border again since the opening was a matter of economic survival. But to leave it open after a raid almost on the doorstep of his capital underlines to a humiliating degree the extent to which Zambia depends on the white South.

That the raid has become such a public event may be as significant as any losses that ZAPU has suffered. There have been at least two major Rhodesian raids earlier this year and several skirmishes on Zambian soil, while the Rhodesians maintain a permanent surveillance presence across the Zambesi. But much of this activity has gone unreported in the local media.

On a rare occasion when the Zambian Government issued a statement — in March, when a ZAPU camp near the border town of Feira was attacked — the fighting has been presented in terms which suggest that the Zambian forces have scored a notable victory.

Evidence about that and other raids point to the contrary, but the Zambian man in the street has been dependent on Government-controlled radio and newspapers. Today, although it is being claimed that the attackers were "repulsed by gallant Zambian forces," the crowds which lined the streets may suspect otherwise and await a firmer response from their Government.

This must surely press President Kaunda to the brink of taking the decision over which he has often publicly agonised: to invite the West to assume what he argues is its responsibility, and defend Zambia's borders. Shoul the West fail him, he has gone on to warn, he is left with no alternative but to turn to the Communist bloc.

Should it be the latter, no one here doubts that this means Cubans, backed by Russian supplies and advice. As it is, Western military sources maintain that some 75 Cuban advisors are already in ZAPU's guerrilla camps.

Mr. Nkomo, who returned from a visit to Moscow earlier this week, has for the past two years been building up a formidable army of some 8,000 trained men, with as many again in training, based in Angola and Zambia.

According to Western diplomatic sources, their training includes heavy artillery and tanks, suitable for a conventional rather than a guerrilla war. He has committed less than 1,000 of his men to the Rhodesian war, say the same sources—hence the persistent speculation in Lusaka that the veteran politician has been biding his time until he is invited in by the Salisbury administration.

Today's raid makes that prospect unlikely and the time must be approaching when Mr. Nkomo has to put the bulk of his army into action.

Killings persist in Uganda

By Our Foreign Staff

TORTURE, KILLINGS and violations of fundamental human rights persist unaltered in Uganda, despite declarations by President Amin that 1978 is a year of "peace and reconciliation," Amnesty International said in a report published yesterday. "Dead bodies are still seen on the streets of Kampala but no one dares to comment or approach them for fear of being killed themselves," the report said. However, it adds that there were periods in late 1977 and 1978 when political killings diminished in intensity.

Speaking at a London Press conference to launch the organisation's report "Human Rights in Uganda," Mr. Martin Himl said: "As far as we know there are no long-term political 'prisoners of conscience' in Uganda, because those arrested by the regime's security forces are usually either tortured and killed very soon after arrest, or in a few cases released quickly, usually after torture. We estimate that about 100,000 people, at the lowest figure have been killed since 1971."

● AP reports from Maseru: Lesotho, a landlocked black state completely surrounded by South Africa, is to build an international airport at a cost of nearly U.S.$30m, the Minister of Transport and Communication, Peete Peete, said here.

Addressing a public meeting, Peete said construction work will start in November next year.

Redeployment in Beirut

BY IHSAN HIJAZI BEIRUT, Oct. 19.

SAUDI AND SUDANESE troops are standing by to move into the Christian quarters of East Beirut to replace Syrian forces in certain positions.

The redeployment is expected to take place early tomorrow, with the Saudis taking over the "Rizk Tower," an unfinished skyscraper in Ashrafiyah, and the Sudanese establishing themselves at the Karantina and Naher bridges, which command the north-eastern entrances and exits of Beirut.

The security measures are intended to stabilise the cease-fire which has been in effect for the past 12 days. Syrian units and Christian militias engaged in their daily sniping today.

One man was reported to have been killed.

Observers believe the Syrians have emerged from the recent fighting with the upper hand, thanks to the resolutions adopted at the conference of Arab Foreign Ministers at Beiteddin this week.

Outside the minor withdrawals of Syrians from certain parts of the Christian quarters, the overall Syrian position has remained intact. Observers described the withdrawals as cosmetic, because Syrian forces will continue to control positions in Christian East Beirut.

Against the wishes of the Christian militias, the Beiteddin conference has extended the mandate of the Arab force for six months, with Syria's pre-eminence being retained. The conference also deplored co-operation by the militias with Israel.

Chinese build-up fears

BANGKOK, Oct. 19.

VIETNAM, which has accused China of massing troops along its border, said today that Vietnamese air force units have been staging intensive exercises to test combat readiness. The official Radio Hanoi said that the 224th Air Force Division stationed near Hanoi had been working day and night in heavy rain to improve techniques and tactics "to destroy the enemy."

It did not identify the enemy but yesterday's charges by Hanoi included allegations that Chinese aircraft had repeatedly violated Vietnamese airspace.

The Vietnamese Deputy President, Mr. Nguyen Huu Tho, alleged yesterday that China, with the help of Cambodia, has been waging a war of aggression against Vietnam for the past three years. The charge was made in a brief report carried by the Bulgarian news agency BTA on talks in Sofia between the Vientamese official and the Bulgarian Vice-President, Mr. Mitko Grigorov.

It said "special stress was laid at the talks on the situation in South-east Asia, where the ruling circles in Peking, making use of their Kampuchean (Cambodians) assistants, have been waging a war of aggression against the Vietnamese people for over three years."

BTA said Mr. Nguyen Huu Tho voiced Vietnam's determination to defend its independence, freedom, sovereignty and territorial integrity, while respecting these conditions for other countries.

Meanwhile, in a flurry of counter-accusations, the Cambodian Depluy Premier, Mr. Ieng Sary today accused the Soviet Union of direct involvement in Vietnamese attacks on his country as part of a "grand design" to dominate Southeast Asia.

Mr. Sary, who said he was seeking moral support during his current tour of Southeast Asia, told a news conference in Manila that Vietnam wanted to swallow Cambodia in order to become a big regional power.

"This regional ambition agrees with the global ambition of the expansionist big power who wanted to dominate all Southeast Asia, and in the framework of its world strategy, this expansionist big power ordered Vietnam to serve this ambition."

Asked later to identify the "expansionist big power," he said the Soviet Union had given Vietnam material and advisers to launch an attack on Cambodia. At the end of 1977 two Soviet advisers were found dead on a battlefield in Cambodian territory, he claimed.

In Malaysia, the Foreign Minister, Mr. Tengku Ahmad Bithaudeen said today that Vietnam's reported pledge to stop training and aiding Malaysia's Peking-aligned Communist guerrillas "at least eliminated one source of assistance for the communist terrorists in he counry."

The Malaysian Foreign Minister spoke to reporters three days after his Prime Minister, Mr. Datuk Hussein, announced that the pledge had been made by his Vietnamese opposite number Pham Van Dong who left Malaysia on Tuesday after a visit.

Agencies.

530m Asians 'live in poverty'

JAKARTA, Oct. 19.

MORE THAN 532m people in Asia are living in what is classified as "absolute poverty," and a dramatic increase in agricultural production is needed if they are to be helped, the Director General of the Food and Agriculture organisation, Dr. Edouard Saouma, said today.

Most of these poorest people were found in four countries—India, Pakistan, Bangladesh and Indonesia, he said, in a speech in the central Jana city of Yogyakarta.

If an agricultural breakthrough was to be made it must be given top priority, and he praised the Indonesian Government's decision to do just this in trying to achieve food self-sufficiency.

Meanwhile it was announced in Jakarta today that Indonesia plans to close down some of the 28 foreign motor assembly plants.

Reuter

Inflation falls in Australia

CANBERRRA, Oct. 19.

AUSTRALIA'S INFLATION rate continued to fall in the first three months of the financial year. Consumer price index figures issued by the Statistics Bureau today showed an inflation rate of 1 per cent for the September quarter. The increase in the consumer price index over the past year has been 7.9 per cent.

The Treasurer, Mr. John Howard, said the September qurater rate was further clear evidence that the Governemnt's fight against inflation was succeeding. He said several special influences during the quarter had tended to mask an even sharper underlying deceleration in inflation. Foremost was a 3 per cent rise in food prices.

The non-food component of the consumer price index had risen by only 1.7 per cent.

WORLD TRADE NEWS

Commission tells members to end trade violations

BY GILES MERRITT — BRUSSELS, Oct. 19.

THE EUROPEAN COMMISSION has decided to send a blunt reminder to EEC Governments, warning them that illegal barriers to intra-Community trade are growing at a rapid rate and calling for concerted action to prevent a further erosion of the Common Market.

In a letter to be despatched shortly to national capitals, the Commission leaves no doubt that if Governments fail to check such violations of the Rome Treaty themselves, it will not hesitate to open legal proceedings to put a stop to them.

It points out that it is already handling more than 400 complaints brought against allegedly illegal restrictions on trade between EEC member countries. This is four times the number outstanding only five years ago and, it is suggested, probably represents only the tip of the iceberg.

According to the Commission, the barriers take a wide variety of forms and are often dressed up as legitimate national rules designed to enforce minimum standards for public health, consumer information and product quality.

Other devices used to discourage imports from other parts of the Community are said to include certificates of origin, automatic licensing systems, the setting of maximum and minimum prices for certain products and overt or concealed preferences awarded by public authorities to domestic industries in public purchase contracts.

Though an EEC directive requiring public authorities to open bidding on public contracts to tenders from all EEC countries went into effect last July, it contains numerous exemptions. Only contracts worth more than £170,000 are covered, and some key sectors such as telecommunications, gas and water services and computers are excluded altogether.

The Commission says that the barriers are inhibiting trade in a wide variety of mainly industrial products. It singles out no one country for special blame, and claims that violations are widely spread throughout the Community.

Earlier this year, the Commission streamlined its internal procedures for dealing with such infractions. A decision to take a country to the European Court of Justice when there is clear prima facie evidence that it is violating the Rome Treaty can now be taken within a matter of weeks, instead of months.

Automotive wins $10m U.S. order

By Kenneth Gooding

AUTOMOTIVE PRODUCTS (AP) has made the breakthrough in the U.S. it was hoping for by winning a $10m order to supply clutches for Chrysler's new "world car" due to be launched in the early 1980s.

AP bought a factory at Troy, Michigan, earlier this year to show an active presence in the U.S., and it has now won the Chrysler order in the face of intense competition from the Japanese and West Germans, as well as from U.S. companies.

The British group will now go ahead and equip the plant at an initial cost of £1m, with UK equipment built to AP specifications. The plant will employ up to 200.

Some 100,000 diaphragm spring clutches, a unique AP design, will be supplied each year for five years to Chrysler as original equipment. There will be also replacement business on top.

The factory is capable of producing a quarter of a million clutches a year. Ap is already supplying American Motors with 600 clutches a week from the UK, and some to Ford Tractors.

At present 85 per cent of cars on U.S. roads have automatic transmission, but both General Motors and Ford have told AP they expect 50 per cent of the new, smaller "world cars" to have manual gear changing.

The group says that this development, along with the growing influence of European motor companies in the U.S., justifies AP's move into manufacture there.

Polaroid factory for Ireland

BY STEWART DALBY — DUBLIN, Oct. 19.

IRELAND'S Industrial Development Authority (IDA), a State organisation aimed at attracting foreign investment primarily to create jobs, has pulled off one of its biggest coups. Up to 2,000 new jobs could be established in two factories.

By far the biggest is the plant to be built 30 miles from Dublin by the U.S. Polaroid Corporation. In an investment thought to be worth £50m, Polaroid will find work for more than 1,500 by 1983. In terms of job creation this is the largest single project handled by the IDA.

Another U.S. concern, Leeds and Northrup of Pennsylvania, is setting up a factory in Dublin for the manufacture of recording and analysis instrumentation. The project will employ about 130 people within a five-year period, and will involve a total investment of about £1m.

From Ireland's point of view the Polaroid venture is ideal. Although not the largest in capital terms—Alcan has a project worth £300m—it is the biggest single new employer to be found.

The new factory, on a 40-acre site which the company is buying, will manufacture cameras designed to use Polaroid SX 70 integral instant picture film, and will also include film manufacturing operations.

The attraction from Polaroid's point of view is that it gets access to the EEC market since Ireland is a member of the Community. Virtually all the products from Ireland will be exported.

The IDA, in announcing a new product, does not disclose the amount of assistance it gives, but it is empowered to give grants of up to 60 per cent of costs.

On top of this, companies operating in Ireland are not taxed on export earnings.

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'Join forces' call on EEC vehicles

By Our Motoring Correspondent

EUROPEAN car companies have no choice but to join forces, or at least co-operate with one another, in the face of growing Japanese and American competition, said Viscount Etienne Davignon, EEC Commissioner for Industrial Affairs last night.

But it would be "dangerous and stupid" to face the challenge by attempting to shut them out of the Community.

Speaking at a dinner before the International Motor Show of the Society of Motor Manufacturers and Traders, the Commissioner said that, whereas in the past European concerns had been spending 2 or 3 per cent o fturnover on innovation, "you will probably have to spend twice as much from now on.

New Lockheed offer to Holland

BY CHARLES BATCHELOR — AMSTERDAM, Oct. 19.

LOCKHEED HAS offered to let the Dutch aircraft maker Fokker assemble and test its P-3C Orion if Holland chooses the U.S. aircraft to replace its current fleet of marine reconnaissance Lockheed Neptunes.

The Lockheed offer was presented to the Permanent Parliamentary Commission for Defence and is the U.S. company's answer to the wide-ranging co-operation deal being offered by the French Government.

Fokker itself is in favour of Holland ordering the French Breguet Atlantique because of the reciprocal orders which would result.

Fokker would be in a position to carry out maintenance of the Dutch Navy's Orions and might also win assembly and maintenance orders from other countries once it has acquired the expertise and tooling, Lockheed said. U.S. companies are also prepared to place compensation orders worth at least Fl 120m ($60m) to clinch the Orion deal.

UK aerospace surplus up

BY MICHAEL DONNE

THE UK aerospace industry had a payments surplus on its export account of £226m in the first eight months of this year, with exports amounting to over £740m and imports amounting to over £514m.

The exports figure included £357.2m for shipments of aircraft and parts, and over £302.6m for shipments of engines. There is a strong element of double accounting in the figures, however, since much of the totals includes aircraft and engines and parts imported into the UK for repair and overhaul, and subsequently re-exported.

Poland launches first Comecon car designed for Western buyers

BY OUR MOTOR INDUSTRY CORRESPONDENT

THE FIRST car to emerge from a Comecon country which has been designed specifically with western markets in mind and without the benefit of a Fiat licence was unveiled at the International Motor Show yesterday.

The launch gives a clear indication of the potential for East European vehicles in the West, should the Comecon area turn to exporting in an aggressive way. Significantly, its arrival in the UK comes in the same week as that of the first trucks from the Karma River plant in the USSR, and this show also features a new Lada from Russia, which is like a small Range Rover but costs just £4,100.

The car launched yesterday is called the Polonez. It comes from the Polish factory that has produced 750,000 Polski-Fiats since 1965.

A full five-seater, five-door hatchback saloon with a 1500-cc engine, it competes in the Cortina part of the market. It relies on design and specification rather than price alone, which has been the principal marketing tool of all exporters of Comecon products until now.

However, at a fraction under £3,000 when it comes on to the UK market next January, it will be priced well below its Western competition.

About 10,000 Polonez cars will be produced next year by the FSO plant in Warsaw, where they are being made on an entirely new production line. There was a major investment by the Poles in U.S. and Italian machines for the line and a new press shop for the model. (Although it has a body which emulates Western design trends and was the product of an Italian designer, the old and well-tried Polski Fiat 125p mechanicals are used for the Polonez.)

The UK will be the first Western market to get the car, but will be allocated only 3,000 to 4,000 units in 1979. The Polonez will also be exported to France and West Germany as well as going to a few privileged customers in the Polish home market.

In the UK the launch of the car will have a spin-off benefit for Polski-Fiat dealers, who will sell it as a separate marque alongside the F125P, which has a price of £2,029.

Mr. John Ebenezer, managing director of Polski Car Imports (GB) said the dealership network will be enlarged to 150. "We are aiming to sell 10,000 units through the network next year, a 150 per cent increase on 1978, giving us a 1 per cent share of the British market," he added.

S. Korea plans second steel mill

BY OUR OWN CORRESPONDENT — SEOUL, Oct. 19.

THE SOUTH KOREAN Government is putting finishing touches to a plan to build the country's second integrated steel mill capable of producing 12m tons of crude steel annually. Officials at the *Ministry* of Commerce and Industry said today that they estimate the projected plant will cost a total of $8bn including foreign loans.

The construction work will start in 1982 or 1983 at a yet undecided site, they added, and will be carried out in four stages with 3m tons of capacity in each stage.

The Asan Bay area on the west coast, some 50 miles southwest of Seoul, has been tentatively picked as the most promising site, but officials are looking into other candidates, along the south coast near Pusan.

The government has chosen the state-run Pohang Iron and Steel Company (POSCO) to build the new mill. POSCO now operates South Korea's only integrated steel plant at the east coast town of Pohang that started with a capacity of 1m tons in 1973 but is being expanded to 5.5m tons by the year-end. It will be further enlarged to 8.3m tons by 1981.

According to projections by the Government-funded Korea Development Institute, South Korea's steel needs which amounted to 6.3m tons in 1977, will increase to 12m tons by 1981 and 20m in 1985.

Our Tokyo Correspondent writes: A Japanese-West German consortium will supply Hoogovens of the Netherlands with a large-scale steel casting plant to be installed as part of the Dutch steelmaker's expansion plans. The value of the contract has not been disclosed.

Hitachi Shipbuilding and Engineering said it and Demag, a West German steel equipment maker, along with Mitsui, will deliver in late February 1980 a continuous casting unit of the two-strand type capable of casting steel slabs.

Nippon Steel has contracted to serve as general consultant in construction and operation of the equipment. Demag and Hitachi have a joint venture, Nichidoku Heavy Machinery, while the German concern also licenses Hitachi casting technology.

Nuclear fear holds up order

A BRITISH government investigation into an export order of control equipment suspected of being used by Pakistan in the manufacture of a nuclear bomb has resulted in the equipment being covered by an export licensing control.

The equipment, ordered through an export agent earlier this year from Emerson Industrial Electrical Controls, in Swindon, is worth £1.25m. The company says that it will continue work on the contract, and will apply for an export licence, though such a licence is unlikely to be granted.

The control has been imposed under the Export of Goods (Control) Order 1978 (Amendment No. 3), and will take effect from November 9. It covers frequency changers "which can have applications in certain nuclear plants."

The investigation into the contract came at a time when it was disclosed that Mr. Z. A. Bhutto, the former Prime Minister of Pakistan now under sentence of death by the military Government, had claimed that the country was "on the verge of a nuclear capability" during his term of office.

Emerson said that the order was very important to its business, and loss of it could seriously affect the future of the company. It pointed out that the equipment would be readily available elsewhere in Europe.

Yesterday's order also brings under control the export of all specialised parts and components of arms to Namibia and South Africa, which had previously been under individual control, and ensures that all machinesc capable of semiconductor device manufacture are controlled.

India concerned at deficit rise

BY K. K. SHARMA — NEW DELHI, Oct. 19.

THE INDIAN Government is concerned over the trade trends in the first four months of fiscal 1978-79. If they persist it will mean the country will have a trade deficit this year of over Rupees 10bn (about £550m), compared with a marginal deficit in the previous year and a surplus of rupees 720m in 1976-77.

Of particular concern is the slow down in exports in the first four months (April to July) which have dropped to rupees 16.34bn compared to rupees 16.58bn in the same period last year while, largely because of the liberalisation policy, imports have soared. This follows an export growth rate of only 5.4 per cent in the last financial year when imports rose by 19 per cent.

The fall in exports is due to various factors, including the Government's policy to check exports of items of mass consumption like tea and vegetables. There has been a marked deceleration in industrial growth owing to erratic power supply and labour unrest combined with the recent floods. Congestion at ports like Bombay has also led to concellation of some export orders.

The growth of protectionist tendencies in advanced countries is another factor which has particularly affected India's textile exports to Europe and the U.S. The Government is taking steps to counter this in the current GATT talks but the impact of this will not be felt this year.

Despite the sizeable trade deficit expected in the current fiscal year, earnings from invisibles—particularly inward remittances from Indians employed in the Middle East and elsewhere—have ensured that foreign exchange reserves are not affected. These are still over the $6bn level, although the rate of increase in reserves has fallen.

Pan Am in talks on hotels for China

MR. WILLIAM SEAWELL, chairman of Pan American World Airways, said in Hong Kong that he had discussed the possibility of building several Intercontinental hotels in China. The talks were held with Vice-Premier Teng Hsiao-ping, whose reaction was "very positive."

Mr. Seawell said the discussions were "strictly preliminary," and that he would not know their outcome until late November after a follow-up meeting between Chinese officials and top Intercontinental executives in Peking. Intercontinental is a wholly owned subsidiary of Pan Am.

Financing and operation of the hotels would be discussed during the forthcoming meeting. Informed sources said the number of hotels being discussed is seven or eight.

VW motorbikes

Volkswagen, which holds nearly 50 per cent of the car market in Brazil, is to go into motorbike manufacture there with Steyer Daimler Puch of Austria, Diana Smith writes from Rio. The new plant is to be built in Rio de Janeiro state with a $18m investment and initial output of 60,000 motor-bikes. Output is expected to rise to 100,000 units.

Cartel fine

The West German Cartel Office has fined the German representative of Wrangler, the jeans and sportswear manufacturers, DM 49,000 for circumventing the ban on price maintenance in West Germany. The fine has been appealed against by Blue Bell GmbH, Wrangler's sole representative for West Germany, Leslie Collitt writes from Berlin.

Boeing award

The first of what is expected to be a large number of multi-million dollar sub-contracts for parts for the new Boeing 767 twin-engined short-to-medium range airliner has been awarded to a U.S. company, Cleveland Pneumatic, a subsidiary of the Pneumo Corporation of Cleveland, our Aerospace Correspondent writes. It covers 300 ship-sets of main landing gear for the 767.

Finnish exports

The diversified forest industry, engineering, textile and power company Oy Tampella AB has won two large orders worth in all Fmks 90m (£11.5m). Both orders go to the heavy engineering division of the company, Lance Keyworth writes from Helsinki.

A Kraftliner machine valued at Fmks 40m will be delivered to Georgia Kraft of the U.S. The second order, worth Fmks 50m, is for a soda recovery unit for Dellulosa Beira Industrial, Portugal, a subsidiary of the Swedish Bilerud AB.

DC-9 instruments

Smiths Industries of Cheltenham has won a major contract from McDonnell Douglas of the U.S. to supply avionics (airborne electronics) equipment for the new DC-9 Super 80 twin-engined airliner. The contract is for provision of airspeed indicators and altimeters as standard equipment for the DC-9-80. It covers 300 ship-sets of instruments, with delivery from February, next year.

Chemicals industry output rises 4%

BY SUE CAMERON

OUTPUT FROM the chemicals industry increased sharply by nearly 4 per cent in the second quarter of the year, according to figures from the official publication Trade and Industry.

The statistics give some cause for optimism as the industry is just beginning to emerge from a period of relative stagnation. Output increased in all sectors during the second quarter except for synthetic rubber where it dropped by 6 per cent. The most notable improvements were in general organic and inorganic chemicals where output rose by 6 per cent, fertilisers 9 per cent and synthetic resins and plastics materials 4 per cent. Chemical exports were up by 6 per cent in the period under review and further growth is expected during the second half of the year. Imports also increased, but only by 3 per cent, and no further significant increases are expected during the rest of the year.

The volume of investment in the industry continued to rise to the point where it is about 15 per cent higher than it was a year ago. Forward projections made by the Department of Industry and the Chemicals Industries Association suggest this higher level of investment will continue for the rest of the year.

Revival

Fuel and raw materials costs went up by 4 per cent but this was the first rise since the second quarter of last year, and it was balanced by increases in chemical product prices. These are 10 per cent higher than during the same period last year and are expected to remain stable.

Textiles also showed signs of a revival in the period, when consumer spending on clothes rose to record levels. The demand for household textiles fell slightly but is well above that for previous years.

Total output for the textile industry was up by 2 per cent on the first quarter, although cotton, man-made fibre weaving and carpets showed a 4 per cent increase in output. In spite of this encouraging improvement, compared with the first quarter, output in most sectors of the textile industry is lower than it was during the second quarter last year.

Textile prices rose in all sections of the industry but fuel and raw material costs also increased sharply. The cost of raw cotton went up by 12 per cent and raw wool by 9 per cent. But there are signs that these costs will stabilise during the third quarter.

Electricity price rise might result from 'inaccuracy'

BY JOHN LLOYD

THE electricity industry has, in the past year, adopted a major accounting provision which was neither accurate nor meaningful, and which might increase electricity prices by about 4 per cent, according to an independent accountants' report.

The report, prepared for the London Electricity Consultative Council by accountants Alexander Fraser, sharply criticises the introduction, by the Electricity Council and the Central Electricity Generating Board, of a 40 per cent supplement to their depreciation provisions in the financial year 1977/78 to compensate for the effects of inflation.

The supplement had the effect of greatly reducing their profit after interest. The council's profit without the adjustment (and thus on a true comparative basis with previous years), would have been £292.7m rather than the reported £132.8m, while that of the CEGB would have been £127.5m against a reported £18.7m.

The report recalls that a Price Commission report on the accounts of the South of Scotland Electricity Board, which had adopted the same practice, estimated that the effect of the depreciation provision was to increase prices to consumers by about four per cent.

It says that any move towards inflation accounting should contain both a depreciation provision and a "gearing adjustment," which takes into account the advantages to the industry of the effects of inflation on repayments of loans. This was recommended by the Hyde Guidelines, which were proposed as an interim guide for the profession while no generally accepted standard had been agreed.

Study group

The report calculates that, had a gearing adjustment been made to the CEGB's accounts, either £38.6m (on a low estimate) or £69m (on a high estimate) would have been added to the reported profit of £18.7m.

It argues that electricity consumer councils should "exert pressure on the electricity supply industry to set up a study group on pricing" to find a more acceptable accounting system to cope with inflation.

"In the absence of any Government action on inflation accounting, consumer councils are urged to commission an acknowledged authority to report on an appropriate method of inflation accounting for the electricity supply industry."

Lloyd's site demolition to provide extra space

By John Brennan, Property Correspondent

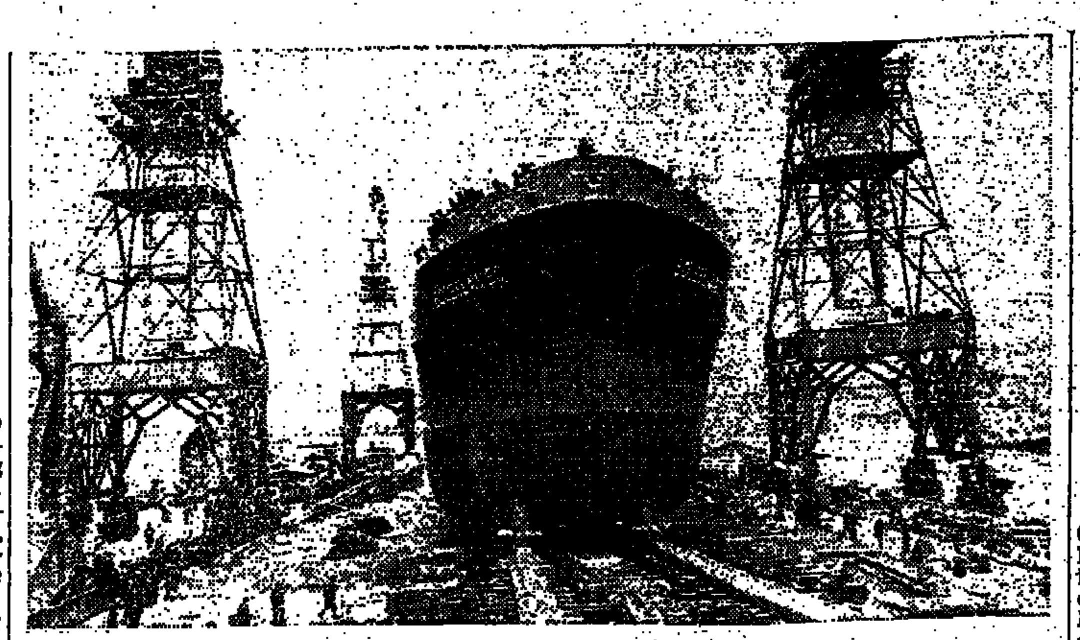
LLOYD'S OF LONDON plans to start the demolition and redevelopment of its former trading floor Lime Street next summer. The scheme, to expand the insurance market's underwriting room, is one of the biggest redevelopment projects proposed in the City of London.

The Lloyd's insurance market moved across Lime Street from its old trading floor 20 years ago. The recent move of its administrative staff to new offices in Chatham and the gradual eviction of tenants in its old buildings, leaves the way clear to redevelop a freehold site stretching the length of Lime Street and bordered by Leadenhall Street and Leadenhall Place. This site will be used to expand the underwriting floor, which is the largest air conditioned room in Europe.

Details of the development, to be designed by architects Piano and Rogers and expected to take up to seven years to complete, have to be approved by Lloyd's committee and then put to a vote of the entire Lloyd's membership. But the planned March starting date was confirmed by news yesterday that Lloyd's will support an archaeological "dig" under the site.

Lloyd's has entered into an agreement with the Department of Urban Archaeology under which archaeologists will receive a £30,000 grant towards excavation work to be completed by next March. The agreement allows the archaeologists access to Lloyd's basements from the beginning of next month and is designed to enable, "any significant evidence to be recorded prior to demolition."

Property Pages 14, 15, 16



The 4,400-tonne bulk carrier, Boleslawiec, was launched at Govan on Clydeside yesterday. The ship is the first of 22 to be completed in the controversial Polish order. Mr. Michael Casey, British Shipbuilders' chief executive (right) said that the launch was on time and the rest of the order should be delivered on time. "The order," he said, "has provided employment in many of our yards and much needed work for the marine equipment and steel industry to the value of about £50m." Mr. Casey added that British Shipbuilders was scouring the world for orders in its fight for survival and a further order from Poland was a possibility. Also watching the launch was Mr. Jan Bisztyga, the Polish ambassador.

Price rise unlikely for oil products

By Kevin Done, Energy Correspondent

OIL PRODUCTS' prices show little prospect of rising, at least before the end of the year, because of continuing overcapacity, Dr. Austin Pearce, chairman and chief executive of Esso Petroleum, said yesterday.

The oil industry has suffered badly from falling profitability in its refining and petrol marketing operations and Esso Petroleum yesterday announced a fall in pre-tax profits for the first six months of the year to £26.7m from £57.7m in the same period last year.

An extraordinary charge of £15.5m, which mainly reflects the effect of the decline in the value of sterling over the period on the company's foreign currency loans, resulted in a net loss of £5.2m after allowances for taxation.

Crude oil costs were reduced by the fall in the value of the U.S. dollar, but that benefit was offset by intense competition in downstream oil product markets, partly caused by the serious surplus of refining capacity.

In the first half of the year Esso was meeting 42 per cent of its UK crude oil requirements from the North Sea, including its production and purchases, compared with 16 per cent last year.

Capital expenditure in the first half of the year, mainly in the North Sea, amounted to £181m, compared with £160m in the first six months of 1977.

Profitability this year has been reduced by the shutdown of oil production from the Brent B platform. That was closed for several months for installation of gas injection units. Esso said its upstream exploration and production interests were only breaking even.

Plea over 'wasted insurance policies'

BY PAUL TAYLOR

MR. GORDON BORRIE, Director General of Fair Trading, suggested last night that the high number of life insurance policies cashed-in prematurely might be due to high-pressure selling and lack of guidance over policies.

He asked the insurance associations to "urgently consider" ways of reducing the number of "wasted" life policies.

Mr. Borrie, speaking at a meeting of the Insurance and Actuarial Society of Glasgow, said that insurance companies' own figures showed an average one-third of all life and endowment policies were surrendered before time. In some companies, the rate was over 50 per cent.

Customers

While some policies were surrendered prematurely because of foolish buying or lack of cash to pay the premiums, he suspected that many people had not been given enough information "by a broker or agent, more concerned with getting a signature on the dotted line than giving proper advice."

Unfortunate customers could end up uninsured and, if they canceled very early, lose all their money or get a poor return on their premiums.

Mr. Borrie urged the insurance associations to see if the commission system could be adjusted to ensure customers received impartial and balanced advice.

Action of this sort, coupled with the introduction in 1980 of statutory notices in policies drawing attention to the new 10-day "cooling off" period, should help reduce the number of policies surrendered, he declared.

Brochures, proposal forms and literature should be made simpler. It would also help customers if terms in common use like "comprehensive" and "no claims discount" were always fully explained, or standardised throughout all companies.

Mr. Borrie also called on the insurance associations to publicise their complaints system more widely.

Most people got a good deal when buying insurance and were better protected than in many other areas but there was room for improvement. He invited the industry to accept his "constructive criticisms" and discuss them with the Office of Fair Trading in the near future.

Eric Short writes: The reaction of the insurance industry to Mr. Borrie's remarks was one of disappointment. The Life Offices Association felt that he had not acknowledged the effect of the commission changes made two years ago which would take time to reach their full effect on life marketing.

The British Insurance Association pointed out that Mr. Borrie had not given credit for the great improvements made in the past few years to achieve simplicity andd clarity in contracts and literature.

Underwriter criticises brokers

By John Moore

AN UNDERWRITER at Lloyd's of London gave a warning yesterday of possible dangers in the growing power of insurance brokers at Lloyd's.

Commenting on speculation earlier this week that a powerful group of insurance brokers, whom he terms the "broker barons," were seeking regulatory reform of the Lloyd's market, the underwriter, Mr. John Wyatt, said: "Certain brokers, we hear, are banding together with enormous arrogance to pronounce the cure: 'OK boys, leave it to us.' Don't worry about 300 years of continuity, tradition and respect. Let Lloyd's be shoved into the company syndrome."

He concluded: "A totally dominated brokers' market, with possibly a puppet government, will *not* work. The competition, which will stimulate profitable business for the community, must take place between genuinely different sectors of the whole."

Mr. Wyatt published his remarks in a letter to Lloyd's List, Lloyd's newspaper. Referring to suggestions that the brokers were seeking a full-time chief executive at Lloyd's, Mr. Wyatt declared scathingly that the brokers' attitude was: "'Give them a proper chairman and board of directors'. So those who were given life by the underwriters and clients now turn to bite the hand that fed them."

Building earnings up £440m.

FINANCIAL TIMES REPORTER

THE BRITISH construction industry, together with its related professions and suppliers, earned about £2.6bn overseas in the year to last March, according to the Department of the Environment.

The figures underline the huge contribution the construction sector is making towards the UK's foreign earnings and, in spite of increasing competition and protectionism, the department says it expects the successful picture to continue.

The earnings total represents a rise of about £440m on the previous year and was made up of nearly £400m from contractors, a similar figure from consultants, architects and surveyors, and about £1.8bn from the export of materials, plant and machinery.

According to the department, the actual value of work carried out by the contractors during the period under review, rose from £1.27bn in the previous 12 months to £1.6bn, five times the value of work done five years earlier. By the end of March, they had more than £2.3bn worth of work in hand.

The department also points out that overseas contracts worth £1.92bn at today's prices were won by British construction companies in more than 100 countries during 1977-78, an increase of £219m on the preceding year. Work done this year will, accordingly, show a further rise.

The Middle East remains the single most important market for contractors, and accounted for over half (£1.02bn) of all new contracts. Annual orders in the region have risen from £75m five years ago, and the most successful Middle East markets have been the United Arab Emirates, Saudi Arabia and Iran.

In Europe, contracts more than trebled, from £81m to more than £270m, and the amount of business within EEC countries rose to £136m, much higher than the previous best total of £41m in 1974 and compared to only £8m last year.

Health and benefits cost £20bn

By Paul Taylor

BRITAIN'S HEALTH, social services and social security system is costing £20.5bn a year. Two thirds of that goes in pensions and other social security benefits.

Mr. David Ennals, Social Services Secretary, said in a foreword to his department's annual report for 1977, published yesterday, that in the 30 years since the NHS was set up, real expenditure has more than doubled.

Health and social services in the year ending March, 1978, cost an estimated £6.9bn. The hospital waiting list on December 31 was 602,000, down by 5,000 on 1976. Since April, 1974, 134 hospitals have been closed but 21,000 new beds provided.

The report found "cause for concern" in a shortage of nurses beginning training. It said that 8,000 fewer people began nursing in the year ending March, 1978, compared with the previous year.

It called on the NHS to improve its industrial relations. There had been "real failure of co-operation between different sections of staff," and too much unofficial action.

The report also criticised the rising bill for drugs on prescription. Nearly 300m NHS prescriptions were dispensed in 1977, costing £554m, an increase of about £103m over 1976. Patients received the blame. Too many, the report said, were going to doctors for medicines they could buy from a chemist's.

● People complaining about NHS treatment in hospitals encounter "a complex bureaucratic system which seems designed to confuse and intimidate," according to a Which? report published today by the Consumers Association.

Engineering orders steady at home as exports fall

FINANCIAL TIMES REPORTER

DOMESTIC SALES and new orders for UK engineering companies are at the same level as over the past 12 months, according to the Department of Industry. Export orders and sales have continued to decline.

The department says that total sales in the April-July period fell by 1 per cent whereas new orders dropped by 2 per cent.

Home sales, although rising in the first quarter of 1978, have since remained stable. With new orders also steadying, the value of home order books during the April-July period has remained virtually unaltered.

Export sales fell by 2½ per cent, however, in the period until the end of July. Similarly, the inflow of new export orders was strongly down (reflecting the exceptionally large volume of contracts received in February) and as a result, export order books shortened by 1½ per cent in the three months ending in July.

Reliant chief confident of success

Financial Times Reporter

RELIANT MOTOR Company is trading profitably for the first time in many years, according to Mr. Ritchie Spencer, managing director. He is confident that the group has broken even in the year to the end of last month in spite of meeting £600,000 in redundancy payments.

The company, which makes the three-wheeler Robin and the Scimiter sports car, has had £1½m of Government aid from the Temporary Employment Supplement, and its workforce at factories near Tamworth, Staffs., has been cut from 2,100 to 1,200.

Its fortunes were at a low ebb when in the middle of last year, J. F. Nash Securities bought it for £300,000 from Sir Julian Hodge's Standard and Chartered Bank Group.

Mr. Spencer, who joined the company from British Shipbuilders early last year, became managing director in January. Shortly afterwards, he forecast that it would break even by last month and that this year's profit could be £200,000.

Cities join universities in microprocessor plan

FINANCIAL TIMES REPORTER

GREATER MANCHESTER'S claim to be the best location for Britain's proposed microprocessor plant was reinforced yesterday with a combined initiative involving three influential local authorities and three institutions of higher education.

A nine-page submission to the National Enterprise Board, which plans to invest up to £50m in a new company to design and manufacture advanced integrated circuits, carried the weight of the cities of Manchester and Salford, the metropolitan borough of Trafford, the universities of Manchester and Salford, and the University of Manchester Institutes of Science and Technology (UMIST).

Copies of the document have gone to the Prime Minister and to Mr. Eric Varley, the Industry Secretary.

The North-west's claims have been voiced by the North West Industrial Development Association and by the TUC's North West Regional Council. Greater Manchester Council has added its support.

The combined local-authority and university initiative marks a significant new stage in inter-regional competition for the microprocessor plant.

If the location criteria include emphasis on experience and involvement in microprocessor and related fields, Greater Manchester claims a strong card. ICL, IBM, NCR, Honeywell and Ferranti are established in the county, and electrical and electronic engineering is one of its main employment areas.

The National Computer Centre is based in a city that saw the birth of the world's first commercial computer. "It has been commissioned to take a lead in promoting education, training and awareness in applied microprocessor studies, and this means that the centre will inevitably control and co-ordinate the national effort," the document comments.

Instant captions sought

BY DAVID FISHLOCK

BBC ENGINEERS are working with Leicester Polytechnic to develop a way of sub-titling conversations and other TV programme material in "real time" — as they take place — for the benefit of the deaf.

This was disclosed by Mr. James Redmond, director of engineering at the BBC, in his inaugural lecture as the new president of the Institution of Electrical Engineers in London last night.

The sub-titles will appear on the TV screen only if specially requested by the viewer, by dialling the appropriate code on his Ceefax controller.

Ceefax is the BBC's new information service, in which the viewer can call up pages of computer-stored information, including sub-titles to pre-recorded material such as drama and documentaries.

The problem has been to find a way of turning speech into "ordinary plain typewritten English" fast enough for immediate sub-titling, said Mr. Redmond.

Newsprint price rises expected in New Year

BY JOHN LLOYD

THE PRICE of newsprint in the UK is likely to go up from the beginning of next year by 8.5 per cent, leading to pressure for further increases in the price of newspapers.

The price will go up from £254.50 per tonne, the level fixed last January, to £276.50 per tonne.

Swedish, Norwegian and Finnish newsprint suppliers are to raise their prices by 8.5 per cent from January 1 next year. Together, these countries supply about 40 per cent of the UK's needs.

The Canadian manufacturers, which supply a further 40 per cent, have not yet announced a price rise. However, it is thought likely they will follow the Scandinavians.

The UK manufacturers, Bowater and Reed, which account for the remaining 20 per cent are to notify the Price Commission of a price rise in step with the Scandinavian figure.

Bowater said last night that if the U.S. economy were exceptionally buoyant next year, there may be shortages of supply from Canada which could not be wholly compensated by increased UK or Scandinavian manufacture.

● Bowater, which supplies around 10 per cent of U.S. newsprint needs, recently announced a price rise of $15 a tonne, bringing its price up to $335 a tonne. Earlier this week, one of the major U.S. suppliers, Great Lakes, announced a price rise of $25 to $345 a tonne. Other manufacturers are expected to follow suit.

When a 'cure' costs too much

BY DAVID FREUD

THE COST of Government intervention to offset the effects of pollution, congestion, noise and other "social costs" exceeds the original social inconveniences, claims a U.S. economist.

Professor Steven Cheung of the University of Washington says in an Institute of Economic Affairs booklet that a divergence between private and social cost is no decisive justification for Government action to correct it. The costs of intervention often outweigh the social benefits.

For more than 50 years economists have argued that where private costs and benefits differ from social ones, there is a clear case for Government intervention. This argument has been used, says Prof. Cheung, to justify almost endless intervention.

Prof. Cheung argues that compensation is better settled by adjusting contracts (written or verbal) between producer and consumer of social costs/benefits than through taxation and subsidies.

He says analysts were barking up the wrong tree in "charging the market with failure to attain the maximum social benefit while disallowing private property rights (upon which all private transactions must be based."

The original social/private cost analysts were led into error by failing to test their propositions against the evidence of real life.

While airports introduce noise and pollution, the values of nearby property almost without exception rise at its inception. While no-one enjoys dishes vibrating on the dining table, the airport produces such neighbourhood benefits as an increase in business activities and a rising demand for lodging, argues Prof. Cheung.

The Myth of Social Cost by Professor Steven Cheung. Hobart Paper 82, Institute of Economic Affairs. 2, Lord North Street, London, SW1P 3LB, £1.50.

Premier invites Andreotti

Financial Times Reporter

MR. JAMES CALLAGHAN has invited Sig. Giulio Andreotti, the Italian Prime Minister, to London on November 22 for talks on EEC issues. The proposed European Monetary System will be high on the agenda.

Mr. Callaghan, who last met Sig. Andreotti at the Bonn summit in July, is to visit Paris on November 24 for talks with President Giscard d'Estaing.

Mrs. Margaret Thatcher, the Tory leader, leaves London today for a two-day visit to Madrid.

Report urges regional air route subsidies

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GOVERNMENT SUBSIDIES to enable airlines to start new domestic and international services from regional airports in the UK are urged by the Association of British Chambers of Commerce in a study of future airport development.

The association points out that the Government's recent White Paper on Airports Policy recognised the need to break away from concentration on London and the South-East, and to develop a regional airports system.

"The need now is for development of the full network of services essential to the prosperity of modern industry and commerce," says the association.

It suggests a subsidy scheme which would mean the government providing aid to start new air services from regional airports. This cash aid would be of strictly limited duration, as the aim is not to provide permanently uneconomic services but help for airlines in the difficult and expensive start-up phase.

"Obviously, to qualify, airline operators would have to demonstrate their competence, and it is envisaged that the scheme would be operated in conjunction with licensing policy."

Price Commission raps Royal Doulton

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Price Commission criticised the Royal Doulton Tableware company yesterday for problems of cost and stock control and "shortage of management calibre and resources."

The criticisms were in a report on the company's proposed 9.3 per cent average price rises, which the commission has allowed to go ahead in full. Royal Doulton is a subsidiary of S. Pearson.

The report is the most critical yet produced by the commission on an individual company, and reflects the commission's new emphasis on analysing management efficiency as well as market and financial factors.

Mr. Charles Williams, the commission chairman, has made clear that he believes the most effective form of price control is to encourage greater industrial efficiency.

So the commission has deliberately taken a more critical look at Royal Doulton than in previous investigations of companies.

A similar tough line, with criticisms of unions as well as managements, is expected by the commission in a report due next week on the road haulage industry.

This new approach by the commission, ironically, comes when some Ministers and trade unions are believed to be in favour of the Price Commission's taking a more rigorous attitude toward limiting all price rises.

Under the Government's existing price control legislation, especially the safeguard provisions on profit levels, most companies are able to secure a price rise even if investigated by the commission.

The commission says in the report that it had considered limiting Royal Doulton's price increase because of the commission's concern regarding efficiency. It decided against this because a major reorganisation was still being carried out in the group, and the company's home trade profits were low.

The main criticisms in the report stem from the company's problems with stock control. Stock levels had risen from £8.7m in December 1975 to £16.4m at end-December 1977. The report describes control of production and stocks as "less than satisfactory."

"Royal Doulton Tableware has problems on the extent of its stock control, and is not yet clear on what the optimum level of stocks should be," the report says. And it also suggests that the company's product mix is unbalanced and that the costing and control systems need to be improved.

The report adds: "While Royal Doulton Tableware says that it knows how to deal with the problem, it has been unable to give a firm timetable."

In other areas the report is less critical. It says that industrial relations are harmonious, but modifies this with a statement that the processes of employee consultation "appear to us to be inadequately developed."

While it concludes that the management structure appears sound, "management calibre and resources have been stretched to cope with the problems of change and development since the group was formed.

"Royal Doulton Tableware is aware of this and has a management development programme to strengthen and improve management."

The report acknowledges that the company has strong points as well as weaknesses. "It has maintained or increased its share of export markets and has a well-developed market expertise," it says.

The commission is concerned at the level of gross profit margins, which could be as high as 50 per cent, and suggests that a sectoral investigation is needed. In 1976 and 1977 the company's average return on capital employed was 5.7 per cent on a current cost-accounting basis.

Last night Mr. Richard Bailey, the company's managing director, said that the report had been complimentary in its remarks on factory modernisation, while recognising that considerable further work needed to be done. On stock levels he said that the company was "progressively introducing computer-based procedures and has just acquired a modern central warehousing facility."

He added: "I regard their report as a fair statement of the company's present position and potential for further improvement in a number of areas."

Barclays raising charges to personal customers

BY MICHAEL BLANDEN

BARCLAYS BANK is raising charges to personal customers from the beginning of December following a successful submission to the Price Commission.

The bank's new tariff is similar to those already introduced by Lloyds and National Westminster. The Price Commission report earlier this year accepted that charges for the banks' money transmission services were not excessive.

Midland Bank said yesterday that it had also submitted increases to the Commission, but would give no details.

The Barclays changes include a variable offset allowance against balances in the account for personal customers who do not meet the minimum requirement for free banking. This is in line with the Commission's suggestion that charges should be more closely related to general interest rate levels.

NatWest and Lloyds introduced a similar allowance, but all the banks have rejected the Commission's alternative proposal of paying interest on current accounts.

Barclays has kept the minimum qualification for free banking at a balance of £100. It has dropped the alternative criterion of an average balance of £200 during the charging period. The bank said 75 per cent of personal customers who keep their accounts in credit would continue to pay no charges.

Those customers who do not qualify for free banking will be charged 13p instead of the present 10p for each withdrawal. The allowance offset against charges will be at a variable rate of 1 per cent below the 7-day deposit rate—at present giving an offset 6 per cent, compared with the previous fixed 5 per cent.

Charges of less than 50p in the half-year will be ignored. The present limit is 15p. Barclays also plan to switch to a quarterly charging basis after the next half-year.

The bank added that there would also be increases in charges for some business customers. Revised charges would also be made for specialised services such as telephonic transfers, branch drafts and night safe facilities.

Swansea store opening date

DEBENHAMS is to open its £3.8m store in the Quadrant Shopping Centre, Swansea, on November 7. Work on the 150,000 sq ft. three-storey building started two years ago, with John Laing as main contractor.

The group says it is its first big store in Wales and the principality's largest department store.

Two foreign airlines in action against switch from Gatwick

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

IBERIA, THE Spanish airline, and TAP of Portugal have begun legal action to prevent the Department of Trade and the British Airports Authority from directing them to fly from Gatwick instead of Heathrow.

Writs from both airlines were served yesterday. The hearing is expected in the High Court on Monday.

This case is likely to have far-reaching implications. It will be regarded as a test case by other overseas airlines, such as Air Canada, which have been asked by the Trade Department to transfer from Heathrow to Gatwick.

If the two airlines win, the Department and the Airports Authority will find it difficult, if not impossible, to direct others to move to Gatwick. If the airlines lose their case their Governments can be expected to intervene directly, possibly taking political action against UK airlines using Spanish and Portuguese airports.

The case stems from the long-standing desire of the Department, supported by the Airports Authority, to reduce congestion at Heathrow, used by 27m passengers a year, by persuading airlines to move some at least of their services to Gatwick.

At the latter a recently-completed £100m modernisation has raised capacity to 16m passengers a year. Only 6m passengers use Gatwick.

All foreign airlines have resisted the Government's efforts. They have made the point strongly that their investments in facilities at Heathrow amount to many millions of pounds, which would be rendered useless by any move

GROWTH OF MONETARY AGGREGATES (£m)

1977	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	%	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	%	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
Sept. 21	523	817	4.1	810	730	1.8	171	395	−72	−93
Oct. 19	748	594	2.8	669	595	1.4	550	439	277	182
Nov. 16	481	325	1.5	438	296	0.7	97	226	388	355
Dec. 14	663	233	1.1	799	413	1.0	44	308	504	161
1978										
Jan. 18	−256	617	2.8	60	1,036	2.4	747	192	−349	254
Feb. 15	113	475	2.1	378	1,039	2.3	342	287	206	952
March 15	345	142	0.6	350	283	0.6	309	560	537	589
April 19	813	369	1.6	1,754	1,151	2.5	391	259	2,042	1,430
May 17	201	213	0.9	416	403	0.9	528	739	947	1,113
June 21	−309	−94	−0.4	204	144	0.3	646	540	519	310
July 19	769	415	1.7	941	520	1.1	1,006	559	644	110
August 16	130	11	—	−500	−485	−1.0	−166	260	−368	−294
Sept. 20	136	508	2.1	477	568	1.2	−6	184	537	704

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills.

Source: Bank of England

The rise in money stock was renewed in the five weeks to mid-September with an increase of 1.2 pr cent in the seasonally-adjusted total of the sterling money stock on the wider definition (M3).

Euro-monetary system 'would mean deflation'

BY OUR ECONOMICS CORRESPONDENT

A LEADING anti-Common Market Labour MP claimed yesterday that a private paper had been prepared within the Treasury showing the economy would have to be deflated if the UK joined a European Monetary System.

Mr. Bryan Gould, MP for Southampton Test, said the paper indicated that UK entry would involve a deflation of between £1.5bn and £2bn. This was equivalent to a rise of between 4p and 5p in the pound in the standard rate of income tax.

Mr. Gould, a long-time advocate of a lower exchange rate to boost the competitive position of British goods, has written to Mr. Denis Healey, the Chancellor, asking him to give the status of the background paper.

The Treasury yesterday refused to comment on any of Mr Gould's allegations.

The charges have come as the debate on the monetary system has become more heated and as anti-EEC MPs, like Mr. Gould, have started to campaign against British participation. They are calling for a full debate within the Labour Party and in Parliament.

Mr. Gould said yesterday he had seen a copy of the paper.

"I am not sure if this is the latest estimate based on proposals in the scheme worked out by the West German and French governments, but such figures are frightening in their implications."

He maintained that: "No possible benefits could compensate for such a threat to living standards. It is a matter of choice to take £2bn out of the economy — whether by cuts in public expenditure or rises in income tax.

Anti-Common Market MPs are worried that a UK commitment to a stable exchange rate would involve deflation and limitations on growth to prevent downward pressures on sterling.

Agents' official tells of 17 unheeded warnings

MR. PETER NOWERS, Crown Agents office fund accountant until he retired in 1976, told the tribunal investigating the Agents' £224m losses yesterday that he gave 17 unheeded warnings about the way in which the organisation was run.

Mr. Nowers said he was the only one of the top 30 Crown Agents officials with accountancy qualifications or experience. He said: "There was between me and the board a layer possessing less than the necessary professional expertise."

He had prepared reports that might have been presented to the board, but it was up to others to pass them on.

"At one point I conducted a review of the warnings I had tried to give," he said. "Seventeen warnings I had given, which I think were, broadly, not given sufficient attention. I could only do what the controller required or allowed me to do."

Mr. Nowers, aged 61, of Paddock Close, Oxted, Surrey, said that one warning he had given was that the Agents would run out of money if nothing was changed.

A paper he prepared in 1966 referred to "a slightly gloomy prospect" and predicted that the reserves of £1.25m would be exhausted by 1970 "without proper corrective measures."

He said that he had never envisaged that a financial improvement could be achieved by launching the own-account financial dealings that led to the heavy losses.

"My own views were that it should be done by improvements in our traditional activities, with an increase of charges where possible and particularly by control of costs," he said.

Dock collision exercise

POLICE, the London Fire Brigade and Ambulance Service, the Port of London Authority health authority and a medical team from Oldchurch Hospital, Romford, took part in an exercise devised to test accident and emergency arrangements in the Port of London.

Busy day at Sotheby's as silver fetches £134,000

SALEROOM

BY ANTONY THORNCROFT

FOUR SALES made yesterday a busy day at Sotheby's. The top price, at a silver auction that totalled £133,718, was £6,800 for 12 George III dinner plates by Paul Storr. A George III canteen of table silver, with 129 pieces, made £4,200 and Kouranan gave £4,000 for a pair of George III silver gilt sugar vases and covers, also by Paul Storr.

In an auction of musical instruments that totalled £48,405, an Italian violin by Joseph Guadagnini fetched £6,000 and another by Antonio Gragnani £5,200. Among the continental watercolours, Colnaghi paid £5,400, against an estimate of around £500, for an album of drawings, on the basis that one of the works was an original, of which Sotheby's could not be sure. In the same sale a duck shoot on a Southern Italian lake by Xavier Gatta made £2,150.

Probably the most interesting lot of the day was a farthing minted at Cork during the siege of 1645-1647. It had been brought into Sotheby's in a tin containing mainly minor items and was cautiously estimated at £80-£100, but Spink rated its rarity at £1,100. A U.S. dealer gave £5,800 for a George IV pattern £5 of 1826, and a Queen Anne five guineas realised £4,700.

The jewellery sale at Sotheby Parke Bernet in New York on Wednesday totalled £1,506,325, with a top price of £70,000 for a sapphire and diamond ring of 1920.

The first part of the Christie's continental picture sale totalled £219,845. The best prices were the £16,000 for "Helping Mother" by Giovanni Torriglia; £15,000 for "A Parisian Street Scene" by Laureano Barrau; and £8,000 for "The Gypsy Wagon" by Giuseppe Signorini.

A collection of 200 decorative tins, mainly biscuit tins, was sold at Christie's, South Kensington, for £2,179. The collection dated from about 1890 to 1940. It is the first time that such a collection has appeared at auction. The top price was £170 for a Royal Mail van from the Jacob biscuit factory.

ENERGY REVIEW: THE NORTH SEA

BY KEVIN DONE

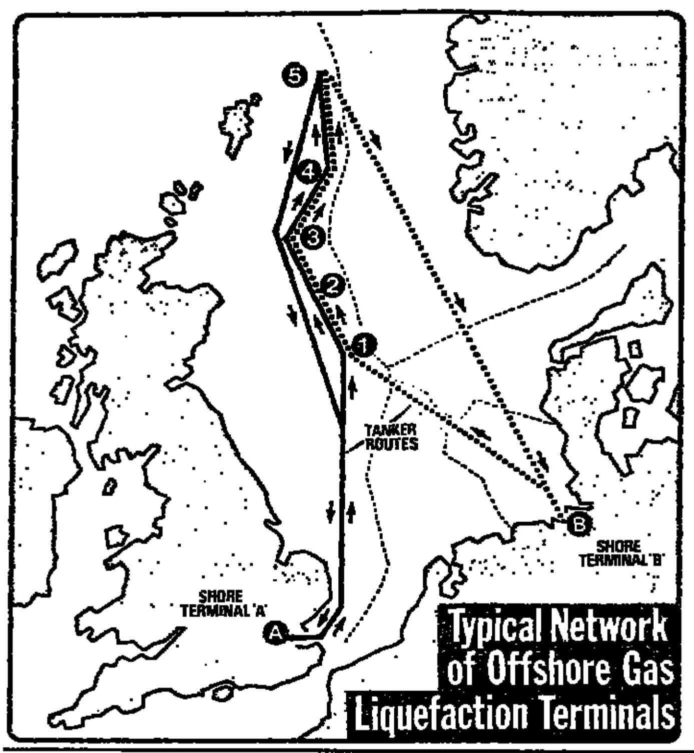
How to avoid wasteful flaring of gas

TWO REPORTS now being studied by the Government could go a long way towards shaping future policy on the wasteful flaring of gas offshore. They are also likely to move the controversial debate on gas flaring away from consideration of very expensive gas gathering pipeline schemes towards less costly methods of using offshore gas, which can be tailored to the needs of individual fields.

The reports, commissioned last year by the Offshore Energy Technology Board, have investigated the possibility either of liquefying the gas offshore and bringing it to land by special tankers, or of using it to generate electricity offshore which could then be brought ashore by cable.

They have concluded that both these methods of using excess associated gas are entirely feasible with present technology and, especially for offshore liquefaction, the systems could offer perfectly adequate rates of return.

The collection of comparatively small pockets of gas—which under past practices adopted by the oil industry might have been flared and wasted—has become a central tenet of the Government's North Sea policies. Large gas fields such as Frigg and Leman will always be exploited on strictly commercial grounds.



Typical Network of Offshore Gas Liquefaction Terminals

But what is in question is the collection of gas from much smaller fields, or gas produced in associated with crude oil. Associated gas is often regarded as a nuisance by companies, an unwanted by-product of oilfield development. Such gas can have its uses. It can, for example, be pumped back into the reservoir to maintain the pressure needed for oil production. Or some of it might be used to generate power on the offshore platforms. But in many cases around the world companies have concluded that there is no commercial justification for collecting this gas as a fuel. So it is just burned.

But Ministers have repeatedly made it clear that, in the interest of energy conservation and of gaining the maximum benefit from North Sea resources, the wasteful flaring of gas must be curbed as far as possible. Dr. Dickson Mabon, the Minister of State for Energy, said last year that in his personal view: "The potential energy locked up in many small pockets in the North Sea is in total so large that no government can ignore it: sooner or later it will be collected."

The Department of Energy has already taken some steps to implement its tougher policy and reduce the amount of associated gas that is being flared. Next month small amounts of gas will begin to flow ashore from the Piper oil field as the Occidental group completes a gas conservation scheme that was required by the Government, as a condition for the rate of oil production from the field being increased.

And last year Shell/Esso had to shut down part of the Brent Field for many months until sufficient gas compression equipment had been fitted to the platforms to ensure that the gas produced with the oil could be re-injected into the reservoir. But there is a limit to how long companies can continue to re-inject gas into some oil-bearing structures, before the long-term performance of the reservoir is damaged. Prolonged gas re-injection can curtail the production rate and the life of a field. On the other hand flaring represents the irretrievable loss of a useful source of energy.

Therefore, one method of saving this gas would be to construct some form of gas gathering pipeline network, and a system costing as much as £5bn has been considered by the Government.

Not necessary

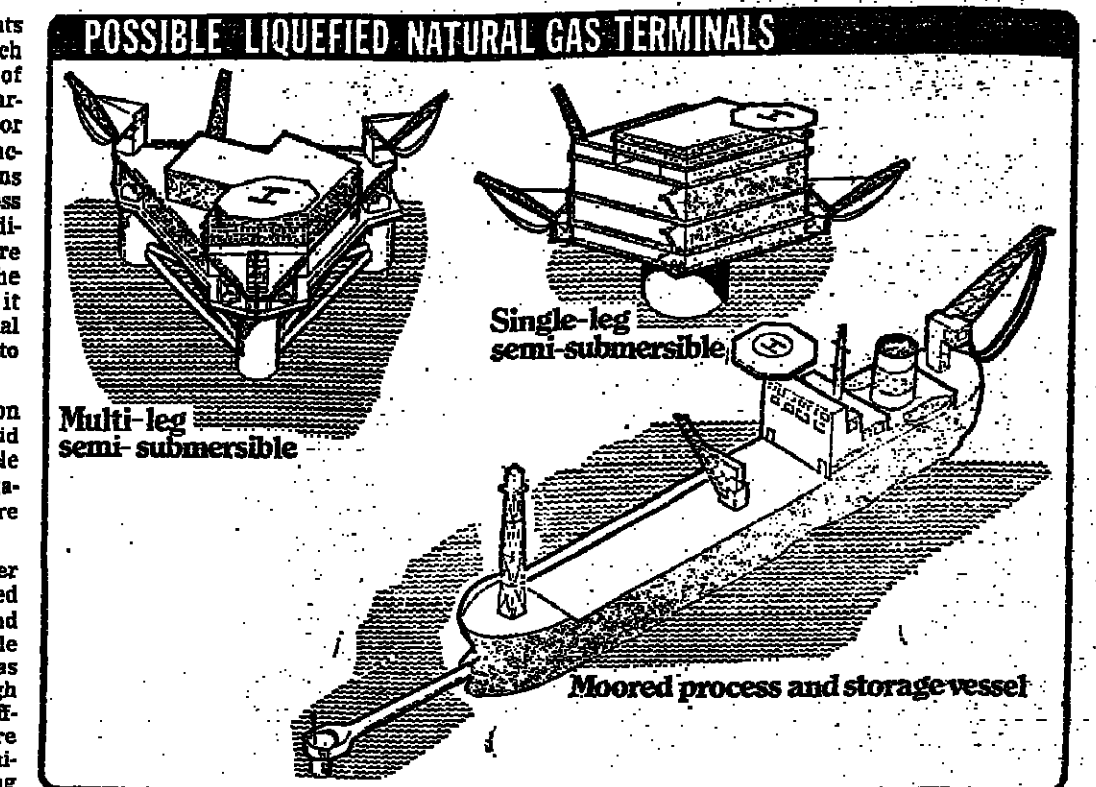
However, the special company set up last year by the Energy Department — Gas Gathering Pipelines—has already recommended that such a comprehensive system is not necessary at present. The amount of gas available before 1990 could be accommodated, in the existing pipelines — from Brent and Frigg—and in later years those pipelines could have substantial spare capacity. The report by GGP suggested instead that attention should be concentraded on the building of a number of mini-gathering systems that could feed into these main trunklines.

The case for pipelines is still to be proved, but what alternatives are available?

There are several chemical conversion possibilities. However, preliminary assessments have shown that options such as the offshore conversion of natural gas into ammonia, carbon, carbon black, methanol or ethylene are not really practicable because of the problems and costs of operating process plant in harsh North Sea conditions. Far more attractive are the options of liquefying the natural gas offshore so that it can be collected by special tanker or of using the gas to generate electricity.

The offshore gas liquefaction study was carried out by David Brown-Vosper Offshore, while Preece Cardew Rider investigated the feasibility of offshore power generation.

The David Brown-Vosper Offshore report has concluded that on both technical and economic grounds it is feasible to recover excess associated gas from North Sea fields through liquefaction and storage at offshore terminals. The offshore terminals would either be semi-submersible or vessels floating on the surface; as the illustrations demonstrate.



Liquefied natural gas (LNG) could be landed at shore terminals at prices generally comparable with those prevailing in the general LNG market—about $1.70 (about £1) per milion Btu, or about 10p a therm.

An analysis of discounted cashflow rates of return generally showed that these gas gathering schemes would be inherently profitable with about a 20 per cent return. The rate of return could be as high as 30 per cent depending on the amount of gas produced at the field and its location. For example, associated gas quantities greater than about 120m cubic feet a day can be economically recovered by the use of a single offshore terminal and the shipment of the LNG to a shore-receiving station 400 nautical miles away from the platform. Gas quantities as low as 60m cubic feet a day could also be collected economically if a number of scattered offshore liquefaction terminals were used with a single tanker picking up supplies from several points.

For comparison certain oil-fields in the North Sea are currently being developed at lower rates of return than those suggested for offshore liquefaction schemes, says the Brown-Vosper report, but most commercial companies would not consider any major offshore investment producing less than 20 per cent.

The capital costs for the design, construction, supply and installation of this range of offshore terminals vary from £80m to £220m for semi-submersibles, and from £54m to £155m for the ship designs These capital costs take in the range of possible levels of gas production from 60m cubic feet a day to 360m cubic feet a day. They do not include LNG tanker costs because shipment rates are assessed at the going charter rates.

An offshore liquefaction system based on a series of terminals is found to be generally economically viable on the basis of a minimum landed price of 90p per million Btu. The viability of single terminal operations would be strongly geared to gas production levels. A minimum economic size would appear to be a terminal with a nominal peak throughput of 180m cubic feet a day. For comparison Shell/Esso's Brent field, which has one of the highest gas/oil ratios of the North Sea finds, should be producing a peak of 600m-650m cubic feet a day in the early 1980s.

David Brown-Vosper says that if landed 1978 LNG prices in North Sea continental ports of £1.00 ($1.82) per million Btu could be obtained, it is likely that there would be scope for paying operating oil companies around 20 cents per 1,000 cubic feet of associated gas supplied. If 1978 premium LNG prices of £1.20 per million Btu are available, as for gas required to meet peaks in demand in either the U.S. or Europe, even smaller and more marginal accumulations of gas than those considered in the report would become economically recoverable.

The report suggests that in many of its case studies a pay-back period for investment would be 4 to 5 years. The minimum operating life for the offshore liquefaction terminals is seen as 12 years. But because they are not fixed systems they have the advantage that they could be moved from one field to another if a reservoir is exhausted.

It is thought probable that if offshore liquefaction is to be used at all there will be a number of offshore terminals—the map shows a total of five—and these would feed a succession of purpose-designed LNG carriers. They would take on "milk-round duties," picking up gas supplies from a number of terminals on a single voyage. They would then off-load at a specified shore terminal, which could be anywhere from Canvey Island in the UK, to northern Germany, or Boston in the U.S.

Pioneering

If the UK does decide to go along this route to make use of the scattered gas pockets, it will be pioneering new forms of technology. There are many land-based liquefaction and storage facilities operating around the world, but no similar offshore facilities are in existence.

As for offshore power generation, the picture is complicated by the need to convert the electrical energy into a form that can be adequately transmitted to shore. This would involve the use of high-voltage direct current transmission along cables laid on the sea-bed, which would then require converters onshore to change the electricity into alternating current for the national grid.

But Preece Cardew Rider is satisfied that in several areas—including the fields in the northern North Sea around Brent and central North Sea fields around Toni and Thelma—electricity could be made available to the Central Electricity Generating Board at sufficiently attractive prices. It is another matter whether such an option is politically acceptable—at a time when the Government is battling to build up the amount of coal that is burned to generate electricity.

This report shows that any fields more than 600 kms from land are unlikely to be economic because of the costs of installing cable. And the economic prospects of offshore power generation are far more promising if the facilities can be built as part of an integrated oil platform.

But other countries have already taken a lead in this field. The West German utility Nordeutsche Kraftwerke is presently planning the world's first floating power plant to exploit a marginal gas field in the German North Sea area 30 kms west of Heligoland. A firm decision on the project is expected in January or February, and it is expected that the West German Government will provide about $75m of the $250m-$300m costs of the project.

In the UK there is no apparent timescale for decisions to be taken about offshore terminals and both reports are still under consideration by the Offshore Supplies Office. Sources of suitable feedstock are expected to start becoming available, however, in 1980/81 and the ideas can expect to arouse growing interest as applications from oil companies increase for permission to flare more gas as oil production picks up.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Problem solvers make good progress

COMPLETE vindication of the ICL decision to invest many man-years of software work in the production of the DME translator software, which allows smaller machines in the 2900 series to pretend they are in fact other manufacturers' products, came this week from Computel.

In spite of the fact that DME cannot be used at the same time as the ambitious virtual machine software (VME) that is causing ICL and users quite a few headaches. Basil Cousins, head of Computel, described it as the "most successful software product" ICL has issued to date and substantiated the latter's claims that it provided a 30 per cent increase in processor power on a 2960 compared with a 1904S.

In fact, the improvement may be considerably more.

The 2960 is taking over the workload of the earlier machine which will be laid to rest after seven hard-working years in a month or so. But that is not the end of the story.

Computel is running-in, for the CEGB, a 2976 which is about four times as powerful as a 2960. The agreement to do this, expected to be formalised at any moment, provides for the supply by CEGB to the Computel centre at Bracknell of the 2976, with the latter providing all the rest. Time on the machine will be shared 50-50, but what is done with the respective shares of this time will be very different.

For the bureau, its share will support a service to customers on VME. The CEGB will use the machine as a development unit looking towards the time when the various regions go over to 2976.

It is difficult to say how much time and money will be saved in this way. But to hand over the lead machine to the experts who know the range, in a facilities management arrangement, means that problems will be found and sorted out far more quickly than in other circumstances. It also means that when the first machine goes into a region, it will be up and working in weeks rather than months. This is extremely valuable since one is talking about machines in the £1m class.

The big machine will share staff, and peripherals with the 2960 and a further 2960 coming in later under a similar shared data centre arrangement to be announced shortly.

Computel's turnover increased by about 50 per cent in the last nine months. The company is confident that the same will happen next year, primarily because it has shown 1900 machine users the way to convert to the new series without grief.

Computel. Eastern Road, Bracknell, Berks. 0344 26767.

More power at Datastore

INSTEAD OF a second ICL 2970 originally ordered, BOC Datasolve is to replace its existing machine with the more powerful 2976.

Original plans were superseded because of the need to acquire the increased power and performance of the much faster 2976 processor. There has also been an increasing demand for interactive terminals connected to the Datasolve MAC service. The new machine will be able to service a larger number of concurrent users and will take advantage of the improved performance expected with the impending issue of VME/B.

Initially (in January) the 2970 will be replaced by a 2972 which, in its turn, will be enhanced to a 2976, this being a simple on-site modification. The new 2976 is expected to be fully operational by next summer.

Meanwhile, for what is understood to be the first time in the bureau industry, Datasolve is providing a direct link-up between an ICL 2904 machine and its larger IBM/Amdahl mainframes as well as ICL 2900.

This means that bureau clients get the benefit of choosing either IBM or ICL-based services through the same terminal, a concept which has not previously been exploited in the services industry.

BOC Datasolve. 99 Staines Road West, Sunbury on Thames, Middx. Sunbury 85566.

● INSTRUMENTS

Gauges any component

LIKELY TO be found extremely useful at the goods inwards end of electronics factories is a component measuring equipment that is able to tell whether the item under test is essentially a resistor, inductor or capacitor, and then measure and display its value.

When the instrument is switched on it is in the fully automatic mode and no setting up procedure is required. It is only necessary to connect the component to the instrument and its value is displayed, irrespective of type.

However, if a batch of components of the same nominal value is to be tested, the operator can lock the machine into the relevant range, speeding up the response time.

Made by H. W. Sullivan, the AC5555 has 14 ranges and measures the parallel capacitance and conductance, or the series inductance and resistance, the results appearing on two digital displays reading to 19999. Limiting capacitance and inductance values are 200 microfarads and 200 henries. Resistance can be measured to two megohms, and conductance between two microsiemens and two siemens. The company is at Archcliffe Road, Dover, Kent CT17 9EN (0304 202620).

● SAFETY

Extra-safe alarm net

THE LEVEL of integrity required in hazardous plant situations where misleading information or spurious alarms can lead to costly or dangerous results can be provided by SANACS (supervised alarm annunciation and control system) introduced by GP-Elliott Electronic Systems.

Applications will arise particularly in petrochemical, pharmaceutical, chemical and processing plant. Equipments of various sizes can be assembled from the basic modules and then programmed to suit the specific application.

The system will accept analogue or simple contact "on-off" signals from a wide range of sensors such as level, flow, temperature, pressure, combustible gas or fire detectors.

Outputs drive matrix and geographical mimic diagrams together with audible and visible alarms. In addition, control action output signals will initiate plant shutdown, release extinguishants or perform other emergency tasks.

Programme cards permit the relation between these inputs and outputs to be easily modified or expanded.

More, from the company at 61 High Path, Merton, London SW19 (01-543 2241).

Reduces the danger of explosions

WHEN OXYGEN, acetylene or propane are used as fuel gases for welding, cutting or heating there is always the danger of an explosion should there be a reverse flow of gases in the event of a flashback. The reversed flows can be caused by either a blocked nozzle or an incorrect purging of the hoses.

A safety device, which has been approved by the Health and Safety Executive, can stop and extinguish a backfire by means of a high flow capacity, stainless steel sintered filter which quenches the flame. This is known as the FR 43 Flashback Arrestor and is available from AGA Welding, Horton Close, West Drayton, Middlesex (West Drayton 47771).

Two versions—one for oxygen, the other for acetylene or propane—can be mounted on either the outlet of a regulator or a manifold outlet. Each incorporates a non-return valve which prevents the reverse flow of gases in the event of a flashback.

The device also blocks any additional gas supply after the backfire by means of a positive valve lock which effectively cuts off the supply. Any pressure wave above 1.5± 0.5 bar, 22± 7 psi activates the valve lock.

After a flashback, the arrestor must be removed for re-setting and when the cause of the flashback is established, and any damage repaired, the pin which is attached to the arrestor by means of a chain can be used to reset it. This is done by pressing the pin hard into the inlet, thereby re-opening the valve.

● METALWORKING

Expanding in Europe

A MANUFACTURER of metal finishing machinery, Osro, Mark Road, Hemel Hempstead, Herts., has just acquired the metal finishing operations of SWECO Europe.

The latter's German team, based in Krefeld, will provide a significant boost to the market position already gained by OSRO GmbH, says the company, which has been established in Erkrath, near Dusseldorf, for two years.

The new organisation will promote the whole of the company's range of surface finishing machinery and products in addition to servicing existing customers.

● MATERIALS

Improved soldering flux

TO DATE rosin, or colophony, has been the universal basis of the flux in cored solder wires used for hand-soldering joints between components and wires, a process which requires non-corrosive vapours and non-corrosive, non-conducting residues.

Rosin does, however, present several disadvantages to today's engineers and chemists and company safety staff. All rosin-cored solders fume during soldering by varying amounts, dependent on flux content of the wire and soldering temperature. The fumes are irritating and in some instances can cause allergic sensitivity. They require thorough extraction from each soldering iron workstation which can be an expensive operation in a plant with numerous assembly workers. Rosin fumes have had to be controlled below a Government-imposed limit on their aldehyde content since health regulations became stricter in most industrialised countries.

Residues of the more efficient "activated" rosin-based fluxes are being removed at some expense in bulky machines, when this is demanded for modern professional and military electronics applications, which require smaller circuits and may involve tough working environments.

Rosin is a naturally-occurring material which cannot be specified precisely.

Multicore Solders is now introducing Xersin 2000, an activated non-corrosive flux based on chemicals which produce 60-80 per cent less fumes (dependent on temperature); contain no aldehyde; and passes the standard spread and activity test requirements for activated fluxes.

It leaves clear, flexible residues which pass the U.S. Mil. Spec. printed wiring board cleanliness test without removal and are virtually unchanged in composition by the soldering heat.

Chemical basis of Xersin 2000, is not known to be a hazard. It has been subjected to the tests in the draft recommendations of the Health and Safety Executive. Solderers who have been allergic to rosin have not in field trials to date been affected by Xersin 2000.

Multicore Solders, Maylands Avenue, Hemel Hempstead, Herts HP2 7EP (0442) 3636.

● ENERGY

Competition in diesels

ITALIAN INDUSTRIAL diesel engines by the SAME group will be on show in the UK for the first time at the Public Works Exhibition, prior to a full launch on the UK market. (NEC, Birmingham, November 13-18.)

The air-cooled, 4-stroke engines range between 1810 cc and 6234 cc, offering two alternative cylinder sizes of 98 or 105 mm bore. Capable of operation up to 2,200 rpm, 10 models are available with a brake horse power of between 30 bhp minimum and up to 108 bhp maximum, to DIN 6270 B.

The decision to market in the UK comes as a result of a 30,000 sq metre expansion of the Northern Italian production plant, based at Treviglio, where 150 engines are now produced each day, with potential of increasing this to 170 per day should the UK demand require it. Having marketed their tractors successfully throughout the world, the company has planned to make an assault on the potentially large British engine market, particularly for the smaller original equipment manufacturer producing perhaps up to 1,000 units a year.

SAME, 20156 Milano, Piazzale Accursio 18, Italy.

● ENERGY

Direct use of sun heat

CORROSION AND frost-proof solar collectors allow direct circulation of the heated water. A separate circuit with heat exchanger and chemical anti-freeze and anti-corrosion products is no longer necessary.

The direct or diffused rays of the sun are used to maximum effect. When water is drawn from the holding tank, it is not replaced by cold water but by water preheated in the collectors, thus making losses practically nil, whereas the use of a heat exchanger would have caused a heat loss of up to 40 per cent and chemical products a loss of up to 25 per cent.

The energy yield of the collector is practically identical to that of the system, thus simplifying the whole installation, which can be used for heating premises.

Solar-Technik, Newmarktstrasse 28, Postfach 122, CH-2500 Biel 3, Switzerland.

● EXHIBITIONS

Good show in Moscow

OVER 40 British companies are exhibiting until October 23 at Nauka '78 in Moscow, one of Russia's largest-ever scientific equipment exhibitions.

The British group, in a joint venture display arranged by the British Overseas Trade Board and the Scientific Instruments Manufacturers' Association, were visited on the opening day by Academician Prokhorov, deputy president of the Academy of Science and Technology, Moscow.

This high-level visit has been matched by subsequent reports from British companies of substantial interest in new technology demonstrated for the first time in the USSR. Quest Automation (Quest House, Princess Road, Ferndown, Dorset, 0202 891010) exhibited a new Q-Draft system for digitising and photoplotting printed circuit board artwork, incorporating a new photoplotter and a redesigned digitiser.

Following a private seminar held during the exhibition Quest announced they had signed contracts worth over £270,000 with the Russian authorities, and expected a letter of intent for a further £750,000 worth of the new equipment before the end of the year.

Marconi Instruments, whose managing director, Mr. R. Foxwell, is joint British chairman of the Anglo-Soviet Working Group on Scientific and Technical Collaboration for Instrument and Automation Engineering, demonstrated its Autotest OE 1761A system, which has been designed with specific modifications for the USSR. The instrumentation will test more than 10 mounted components per second, and locate 95 per cent of all printed circuit board faults by automatic electrical inspection. Marconi has sold the equipment, worth over £100,000, to the Trading Corporation for Automation for use in the Institute of Cybernetics.

For the first time in the USSR, Derriton Electronics (Sedlescombe Road North, Hastings, East Sussex, 0424 754321) was exhibiting its digital vibration controller, the only system of its kind so far developed in Western Europe. In view of the substantial interest shown by the authorities in Moscow, Derriton expects to sell the controller, which has particular applications in the aviation and aerospace industries, during the exhibition.

SIMA, which anticipates sales for the British group of over £2m during the exhibition, is planning a joint venture at the Environment and Pollution Control Equipment Exhibition, Moscow, in February, 1979.

Information can be obtained from Mr. L. Nolder, SIMA, Leicester House, 8, Leicester Street, London WC2, 01-437 0678.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● RESEARCH

SIRA in good shape

THE NEW chairman of the Sira Institute is Sir Ieuan Maddock, CB, OBE, FRS, who commenced his period of office after the Institute's annual general meeting on October 17.

Now in its diamond jubilee year, SIRA reports turnover for 1977-78 at £1.3m, an increase of 23 per cent on the previous year.

Although the operating profit was virtually unchanged at £179,000, this was achieved after charging £68,000 for depreciation, more than double the previous year's figure, resulting from an investment of £174,000 in new capital equipment.

Illustrative of the projects involving the Institute's optical and engineering skills is the recent winning of a £80,000 contract from the French company MATRA to provide experimental payload hardware for the EXOSAT mission which aims to identify and position faint stellar x-ray objects.

Bankers at Mansion House

Inflation control is Healey's top priority

THE CHANCELLOR OF THE EXCHEQUER

THE LABOUR Government would continue to give top priority to keeping inflation under control, Mr. Denis Healey, Chancellor, said at the Mansion House last night.

The Government would use the whole range of instruments appropriate to reduce inflation—pay policy, monetary policy, fiscal policy, policies for limiting the scale of public borrowing and for funding it by non-inflationary means.

Mr. Healey said that to use monetary policy alone, as some demanded, would bring inflation down far more slowly and only at the cost of wholly unnecessary human suffering and loss of output. The Government would not accept so callous a philosophy.

It was better that the country should look ahead and control the growth in money earnings in good time, before it was checked by higher unemployment and widespread bankruptcies.

"That is the logic and the lesson of the last three years. That is why we have sought and will continue to ask employers and trade unions alike to work with us to achieve responsibility in pay negotiations.

"It is because we have succeeded in this task over the last few years that I am able to describe to you today both a modest fall in unemployment and a dramatic fall in our inflation rate.

"This is a double and simultaneous achievement which few of our competitors in the world can parallel."

'A durable system must have substantial credits at its disposal if it is to carry credibility'

The economy would be kept on the path of monetary stability. Mr. Healey said he would be announcing next month the first roll forward of the monetary target, and the process would be repeated next spring.

The essential instruments of monetary control were the appropriate stances on fiscal policy and interest rates, but Mr. Healey indicated that there might be innovations from time to time in the way in which the authorities operated in the market.

Past examples included the introduction of part-paid and variable rate stocks and the change in the system of determining Minimum Lending Rate.

The Government was no less concerned to control the growth of public expenditure so that its fiscal policy was consistent with its monetary stance.

The new techniques of cash limits in the public sector, consultation with local authorities and strict control of the contingency reserve would be maintained and refined.

The Government would continue to use the whole range of policies to keep inflation down whether or not a satisfactory European monetary system came about.

Britain's first responsibility as a potential member of the new system was to get inflation down — the country's fundamental national interest. Nevertheless, the Government's objectives in the discussions over whether to join the system were firmly set.

"First, if the new system is in fact to achieve greater currency stability it must be durable. We do not want to repeat the history of the snake.

"The snake is still performing a valuable role for Germany and the smaller countries most closely related to her economy.

"But France, Britain and Italy were compelled to leave it — France on two occasions — in circumstances which were very damaging to currency stability.

"A durable system must therefore differ in a number of important respects from the existing snake if it is to include the major European countries now outside the snake for any length of time.

"This view of ours was widely accepted at the last meeting of the Community's finance ministers which I attended on Monday.

"There was also wide agreement that a durable system must have substantial credits at its disposal at the start if it is to carry credibility with the markets."

There were still important questions on which the members of the community had to reach agreement—on the transfer of resources, on the degree of symmetry required in the obligations falling on weak and strong if the systems is to encourage higher growth rather than to constrain it.

"But we all agree that any move towards European currency stability will require greater compatibility of economic performance and closer co-ordination of policy if it is to survive without realignments of exchange rates so frequent as to frustrate its purpose.

"Without this, intervention even on a massive scale will not prevent the system from breaking down under the market pressure."

At last year's dinner, he had been able to say that Britain's financial situation was once again in order.

"We had created the fiscal and monetary conditions for faster growth in the real economy.

"Tonight, I am able to say that we have taken advantage of these opportunities. Over the last 12 months we have seen a comparatively rapid increase in the growth of output, a fall—small, but nevertheless a fall—in unemployment and a rapid rise in private manufacturing investment."

'Over the year as a whole, we shall have the second highest growth rate in the Community'

"Our gross domestic product grew at an annual rate of about 3 to 4 per cent over the first half of this year. GDP is now significantly above the level of the first half of 1973—at least 3 per cent higher—and it is over 8 per cent above the level of three years ago in the trough of the recession.

"Within this welcome growth in GDP, industrial production has risen 5 per cent in the last year and 12½ per cent from its trough in 1975.

"I believe the European Commission is right in estimating that over the year as a whole we shall have the second highest growth rate in the Community—higher than France or Germany.

"The main stimulus to this rate of economic growth has been an increase in consumer spending generated by much higher real incomes after tax.

"But the background to this increase in consumer demand is very different from that in 1972-73.

"We do not now have rapidly accelerating inflation, a worsening deficit on current account, and a sinking pound.

"We are not financing economic activity by printing money.

"Exports increased in volume by over 8 per cent last year and our share of world trade increased. Over the first nine months of this year, exports were already 3 per cent higher than the average in 1977, and the most recent survey evidence on export prospects is increasingly encouraging.

"Investment by private industry has also been recovering strongly from the recession of 1974-75. Private sector non-housing investment as a whole increased by 7½ per cent in volume terms last year. Investment by manufacturing industry has been rising faster—by 13 per cent in 1977 if we exclude the steel industry.

"It is true that this rapid increase in the volume of our exports and investment has been accompanied by a similar increase in the volume of our imports. "But the evidence so far available suggests that this may be the first cyclical upturn since the Second World War in which the volume of our manufactured imports is not racing ahead of the volume of our exports.

"Indeed, on a longer and wider perspective, as a recent study by the Department of Trade will show, we increased the overall volume of our exports by 50 per cent between 1970 and 1977 while the volume of our imports was only 30 per cent higher — and this despite the profligate years from 1972 to 1974 when our import volume rocketed far above the increase in our exports.

"There are no grounds for complacency in this improvement in our trading performance, since its effect on our balance of payments is masked by a substantial deterioration in our terms of trade caused mainly by the increase in oil prices.

"Nevertheless there are some grounds for satisfaction. For example, now that we have more reliable figures for our balance of payments last year, we can see that we had a surplus of some £250m on current account compared with the deficit of £500m forecast in the 1977 Budget.

"Yet our invisible earnings were a good deal lower during the year than forecast at budget time and the balance of payments derived less benefit from North Sea oil than we expected.

"The performance of our visible trade — excluding oil — last year was a full £1,200m better than we predicted.

Moreover, the success of our pay policy in the last round contributed to the general strength of financial confidence, both at home and abroad, which has both reduced inflationary expectations among our own people and given stability to our exchange rate. This in turn has contributed towards keeping down the price of industry's materials and fuels.

Of course, pay policy could not have made this contribution if the Government had not maintained firm control of public expenditure and of the money supply.

"But I find it surprising that those who profess the greatest admiration for the wisdom of the market should dismiss so easily the importance given to the level of pay settlements by the financial markets both at home and abroad—and this is as true of pay settlements in Germany or France or the U.S. as it is in Britain.

"The value of combining fiscal and monetary policy with an effective policy for pay can be seen even more clearly if we look at the outlook for the year ahead.

"Our prospects in Britain are, of course, dependent to a large degree on the prospects for the wider world economy—prospects which are now significantly better than they would otherwise have been because of action taken by the world's seven leading economies following the Bonn Summit.

'We are not financing economic activity by printing money'

"At home, one essential condition for continued growth in 1979 is the continuing increase in productivity, which is the main objective of our industrial strategy.

"After several years of virtual stagnation there are signs that productivity has recently been rising quite fast again. This revival in productivity has been fuelled by the renewed growth of output as is normal in the cyclical upturn. Productivity agreements under the pay policy have also helped.

"From now on the ability of of the economy to expand will depend to an important degree on whether this revival in productivity continues. Higher productivity is not only the key to improved competitiveness and a satisfactory trade performance.

"It also has a vital role to play in holding back inflation.

"And the prospects for growth and jobs in 1979 will stand or fall on our success in the struggle against inflation.

"It was, I suppose, inevitable that our very success in bringing the rate of inflation down from 26 per cent to 8 per cent over the last three years should have led too many people to forget what life was like in those terrifying days when the housewife's weekly grocery bill rose 30 per cent in 12 months and family shopping was a continuing nightmare.

"So, at a time when many people seem to be more worried about unemployment than about prices, it is worthwhile explaining why inflation is the father and mother of unemployment.

"The sustained improvement we have seen in our economic performance over the past 12 months is due, above all, to the fall in the rate of inflation.

'Performance of our visible trade—excluding oil—was a full £1,200m better than we predicted'

"And this, in turn, resulted from the fact that we combined firm fiscal and monetary policies with an effective policy for pay.

"We now know that over the pay round as a whole the nation's earnings increased by some 14 per cent. It is easy to say with hindsight now that inflation is running at under 8 per cent that a 14 per cent increase in earnings is too high, even allowing for the fact that it includes the effect of productivity deals.

"But we started the last pay round with an inflation rate of about 18 per cent. If the Government had not offered the right lead at that time and if the overwhelming majority of working people had not responded to its lead, 18 per cent could have become the going rate for pay settlements last autumn and the overall increase in earnings would have been significantly higher.

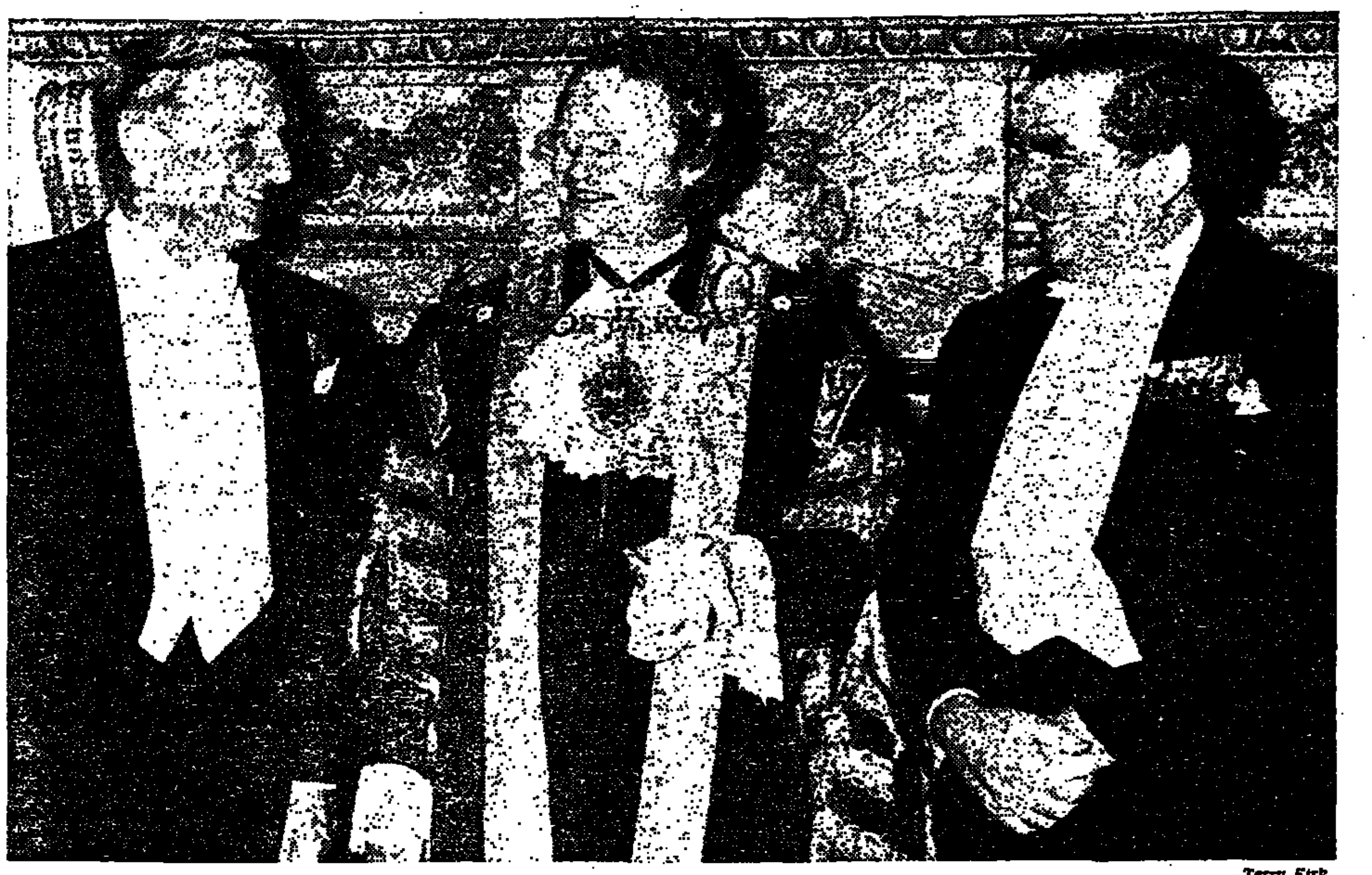
"Our economic recovery would have been stifled at birth.

"It is obvious enough that because higher prices reduce our ability to compete, inflation means falling exports, rising imports, lower output and fewer jobs. Some people used to see depreciation as an easy way of restoring price competitiveness.

"But hard experience confirms the findings of economic research — that the price increases generated by a fall in the exchange rate are tending to feed through a good deal faster into rising labour costs than they used to.

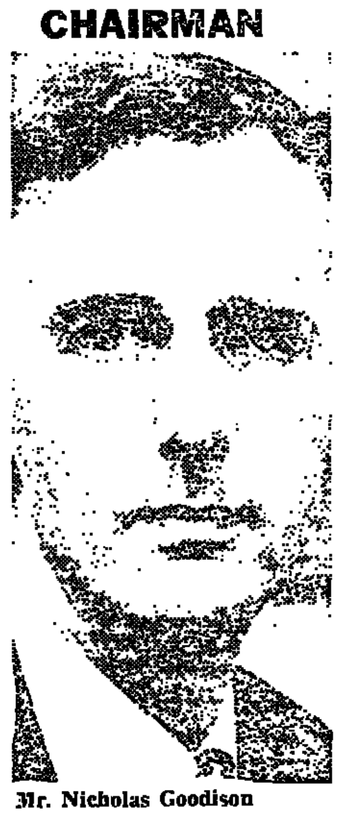
"Depreciation can no longer be treated as a soft option.

"The rate of inflation also influences output and employment through other channels. For example, the recent rise in the savings ratio has cut effective demand all over the world—and, as I have said, it is difficult to see this except as a response to higher inflation.



Mr. Gordon Richardson (left), Sir Peter Vanneck and Mr. Denis Healey — Terry Kirk

STOCK EXCHANGE CHAIRMAN



Mr. Nicholas Goodison

Bigger risks advice

THE ONLY route by which the UK will achieve success as a nation will be to stop being a "nation of interferers and controllers." The country should start adopting a "philosophy of risk and the rewards that flow from risk," Mr. Nicholas Goodison, chairman of the Stock Exchange said last night in his address to the Bankers' dinner.

"There are too many people spending their imaginations and their energies devising and imposing controls, too many people trying to find legitimate ways of counteracting the effects of interference and controls," he claimed. Not only did this cost an enormous amount in crude monetary terms but it also "wasted and imprisoned" the vitality of the nation.

That vitality was needed to take risks, Mr. Goodison argued. Legitimate risks which ought to be taken included building new factories, inventing new products, and providing the capital for both.

A consensus was emerging about the need for risk capital, he believed, thanking the Chancellor for the "first budget in recent memory to give some help to the individual saver who puts his money into industry.

THE GOVERNOR OF THE BANK OF ENGLAND

Warning on monetary growth

MONETARY growth ought to be reduced still further, said Mr. Gordon Richardson, the Governor of the Bank of England.

The importance of monetary stability for healthy economic development could not be overrated. "Monetary policy is and must remain central to the restraint and ultimate defeat of inflation," he said.

Since 1974, the growth of the broadly defined money supply had remained year by year fairly close to 10 per cent. Mr. Richardson did not judge it "wholly coincidental" that over that period as a whole inflation fell from 20 per cent and more to about 8 per cent.

Monetary developments needed constant and careful vigilance. There was a difficult phase last winter and spring, when events demonstrated how increases in the public sector's borrowing requirement could produce adverse effects upon the confidence of the markets which financed it.

"Since then, and against the background of a welcome recovery in the private sector's demand for credit, which we have had to restrain but not throttle, we have recovered lost ground, thanks in part to success in selling gilt-edged and other government securities outside the banking system.

"The corset control has caused some distortions in the figures, but our performance in relation to our current target has been satisfactory.

"We shall not relax our vigilance. Furthermore, over the time scale of years which steady perseverance in our fight to reduce inflation involves, we shall need not merely to keep monetary growth steady: it ought to be reduced."

Mr. Richardson said caution should be retained over the expansion of output seen in the earlier part of the year. "I am concerned that the economy should enjoy expansion at a rate which is sufficiently temperate to be sustainable."

He went on: "In particular, we should not be thinking that there is room for relaxing the constraints on public spending.

"Considerable efforts have been made to get it under better control: in my view the economy does not have room for any relaxation of that control.

"Indeed, in the longer term, public spending needs to be contained so as to permit the progressive reduction of direct taxation which seems so widely desirable."

Although inflation had fallen to 8 per cent in the last year there had been considerable growth in incomes and the fall in inflation had been caused largely with the help of such powerful factors as exchange rate stability, North Sea oil and little increase in world prices.

"There should be no doubt that continued wage settlements far in excess of productivity growth can lead only to an acceleration of inflation, further erosion of our competitive base and further unemployment.

"This connection is more widely perceived than it was a few years ago, but the awareness needs to be carried much further. The only route to a continuing increase in real incomes is by way of increase in the growth of productivity."

Whereas some currencies had fluctuated very widely, the pound had been remarkably stable over the last 22 months when, apart from a short period of particular strength last winter, the effective exchange rate index had stayed fairly consistently within the narrow range of 61 to 64.

"A continuing stability in the exchange rate would be an essential feature of the proposed European monetary system.

"In or out of such a scheme, we are, in my judgment, bound to follow policies of prudence in both fiscal and monetary policy—policies aimed at the progressive reduction of inflation, policies in short which not only underpin the domestic value of our currency but also the stability of its external value."

CHAIRMAN OF LLOYD'S

Mr. Ian Findlay

Findlay's tribute to Sir Peter

THE CHAIRMAN of Lloyd's, Mr. Ian Findlay, paid tribute to the work of Sir Peter Vanneck, Lord Mayor of London.

He said that Sir Peter, in this outstandingly successful year, had set entirely new standards in the time he had obviously given to preparing his speeches, the skill with which they had been delivered and the pleasure he had given to his audiences.

"Despite all the events of the past 20 years, when Britain as a nation has seen its place in the world change and diminish in so many ways, the City of London remains the world centre of finance, and no Lord Mayor has worked more ceaselessly than you, sir, to maintain that predominance.

"In addition to your civic duties down the years, you have given fully of your time in many other ways, and St. Bartholomew's Hospital and the University of London are but two institutions which have benefited from your interest and guidance."

THE LORD MAYOR OF LONDON

Praise for the City's invisible earnings

FOR TWO hundred years, Britain has been importing more goods from abroad than she has exported, and only invisible earnings have kept her afloat for that period, Sir Peter Vanneck, Lord Mayor of London, said.

In the monthly trade statistics, invisibles were thrown in as a rather grudging afterthought compared with the real-life imports and exports of machinery and food and all the other goods which kept the world going.

Yet there was nothing small or second-rate about Britain's invisible earnings, said Sir Peter. "One pound in every three that this country earns abroad is generated by an invisible export, and the City of London itself is a monument to that service industry."

The City had not been created by some administrative act, nor was it run according to a rigid rule book.

It was the fruit of many centuries of developing commercial and financial life and accumulating experience, constantly adapting itself to meet and indeed anticipate any fresh demands that might be made on it.

"In one of the Lord Mayor of London's classic and traditional roles as roving ambassador, I have flown the flag of British trade, commerce, finance and industry in Brazil, Columbia, Ecuador, Mexico, the U.S., France and the Netherlands, on the cost of the City coffers.

"The corporation has also been privileged to entertain and offer hospitality, over the last year, to the President of Romania, the President of Botswana, the Prime Minister of India, the President of Seychelles, the Governing Mayor of Berlin, the Burgurmaster of Brussels and many foreign delegations and dignitaries.

"We do this because we think that the 'Square Mile' is unlike any other municipality, firm in the belief that its wealth, its antiquity, the enormous part it has played in the history of the nation, its dignity, its traditions and historical ceremonial make the City of London an institution of national importance."

Sir Peter quoted Sir Winston Churchill on Mr. Philip Snowden, a former Labour Chancellor.

"'It would be wrong to think of Mr. Snowden as the spiteful, vindictive death's head of his caricature. He was really a tenderhearted man, who would not have hurt a gnat unless his party and the Treasury told him to do so.'"

Sir Peter told Mr. Healey: "Not necessarily in the belief that you, too, sir, are endowed with just those qualities, it is with more than usual fervour that I propose the toast of prosperity to the public purse, and the health of the Chancellor of the Exchequer."

Reports by David Freud and Christine Moir

Lord Mayor's guest list

Mr. P. F. Allday, Mr. D. W. C. Allen, Mr. J. E. Ammerman, Dr. F. Anzilotti, Lord Armstrong of Sanderstead, Mr. F. P. Atkinson.

Mr. M. J. Balfour, Mr. Sheriff Ballard, Bankers' Magazine, Mr. D. C. Bardsley, Mr. J. Baring, Sir William Barlow, Sir Donald Barron, Mr. A. W. M. Battishill, Mr. E. B. Bennett, Sir Henry Benson, Mr. A. E. Bide, Mr. Ian Cameron Black, Mr. G. S. Blanshard, Mr. K. Borthwick, Mr. P. Bowring, Lieut.-Colonel St. John Brooke Johnson, Mr. T. A. Gore Browne, Mr. J. B. Burke, Sir Anthony Burney.

Viscount Caldecot, Mr. J. S. Camm, Mr. David Campion, Lord Catto, Mr. Geoffrey Chandler, City Recorder, Sir Michael Clapham, Sir Robert Clark, Mr. William M. Clarke, Mr. J. M. Clay, Lord Clydesmuir, Lord Cobbold, Mr. L. H. L. Cohen, Mr. A. L. Coleby, Mr. C. Collett, Mr. W. P. Cooke, Mr. Norman B. Cork, Mr. T. E. Cottrell, Mr. K. E. Couzens, Mrs. Edwina O. Coven, Lord Croham, Lord Cromer, Mr. M. J. S. Cubbage.

Mr. D. H. Darbishire, Mr. S. E. Darmon, Alderman A. Davis, Mr. D. Depaolis, Mr. T. A. Donnelly, Mr. J. C. R. Dow, Sir Alastair Down, Mr. G. A. Drain, Mr. John N. Waddell Dudley, Lord Duncan-Sandys, Mr. P. H. Dunne.

Mr. J. B. Eldridge, Canon Peter Eliot, Mr. Bruce Ellard, Rear Admiral E. W. Ellis.

Sir Robert Fairbairn, Mr. R. Fell, Mr. L. L. Fellner, Mr. J. S. Fforde, Mr. I. H. F. Findlay, Mr. W. D. Finlay, Mr. J. A. Floyd, Mr. I. E. J. Foster, Alderman Sir Murray Fox, Mr. C. E. Frappell.

Alderman Peter Haggerston Gadsden, Mr. R. D. Galpin, Col. Gardner-Thorpe, Mr. F. L. Garner, Mr. F. M. Gill, Sir Robin Gillett, Sir James Goldsmith, Mr. Nicholas Goodison, Mr. S. T. Graham, Mr. H. B. Greenborough, Mr. J. P. Griggs, Mr. F. W. Grol, Mr. G. M. Gunson.

Mr. C. E. A. Hambro, Sir James Hanson, Mr. Alan J. Hardcastle, Alderman Anthony Hart, C. Antony Hart, Sir Cyril Hawker, Denis Healey, Alderman Ralph Hedderwick, Mr. R. A. Henderson, Sir Michael Herries, Alderman Michael Hinton, Mr. Rennie Hoare, Dr. G. I. Hobday, Sir Julian Hodge, Mr. T. S. Hohler, Mr. John Holland, Sir Jasper Hollom, Mr. John P. Hough, Mr. D. G. Horner, Alderman Sir Edward Howard, Mr. D. H. Howard, Sir Geoffrey Howe, Mr. John Hull, Mr. P. E. Hutson, Mr. J. B. Hyde.

Mr. W. R. Ide, Mr. A. J. James, Mr. A. A. Jarratt, Mr. G. Jeelot, Sir Alexander Johnston, Alderman Anthony S. Jolliffe, Mr. N. W. Jones, Mr. Michael A. Jordan, Mr. Maxwell Joseph.

Sir George Kenyon, Mr. J. L. King, Mr. J. A. Kirkwood, Sir Arthur Knight.

Sir Hector Laing, Sir Maurice Laing, Mr. G. C. H. Lawson, Mr. R. Leigh-Pemberton, Lord Lloyd of Dolobran, Mr. A. D. Loehnis, Mr. John O. Lyle, Lloyds Bank.

Mr. Angus Mackinnon, Mr. D. C. Macdonald, Mr. A. R. Macmillan, Mr. Angus Macqueen, Mr. C. W. McMahon, Lord Mais, Mr. E. S. Margulies, Mr. Reindert Marsman, Mr. R. G. Martin, Sir Roy Matthews, Mr. M. Meynial, Lieut.-Colonel Peter Milo, Judge J. W. Miskin, Mr. D. B. Money-Coutts, Mr. Deputy B. L. Morgan, Mr. G. L. B. Morgan, Mr. Douglas S. Morpeth.

Lord Nelson of Stafford, Mr. C. L. Nelson, Mr. G. R. Newman, Mr. W. F. Nicholas, Mr. P. J. Nicholson.

Lord O'Brien of Lothbury, Mr. T. Ohta, Mr. R. H. Owen.

Brig. J. J. Packard, Mr. J. B. Page, Mr. E. W. I. Palamountain, Sir Peter Parker, Dr. A. W. Pearce, Mr. R. H. Peet, Sir William Pile, Sir Alastair Pilkington, Mr. D. P. Pinks, Mr. L. Porter, Mr. T. Prentice, Press Association, Sir Humphrey Prideaux, Sir John Prideaux, Mr. S. Procter, Mr. G. W. Pusack, Mr. B. Quinn.

Alderman C. Rawson, Sor Patrick Reilly, Lord Remnant, Elder Sergeant R. P. Rhodes, Mr. G. Richardson, Mr. P. P. Rigby, Sir L. Ring, Mr. A. Rintoul, Lord Robens of Woldingham.

Gp. Capt. L. E. Robins, Mr. N. J. Robson, Mr. E. P. T. Roney, Mr. E. de Rothschild, Mr. L. de Rothschild, Alderman D. Rowe-Ham, Mr. A. M. Russell.

Mr. W. H. Salomon, Mrs. Iris Samuels, Mr. E. C. Sayers, Mr. G. C. Seligman, Mr. D. M. Shalit, Mr. R. L. Sharp, Lord Shawcross, R. Sheldon, Lord Sherfield, Mr. D. Silk, Mr. J. F. E. Smith, Mr. J. Martin Smith, Mr. J. P. Sowden, Mr. H. J. Spurrier, Sir David Steel, Mr. G. Z. Steffens, Mr. D. Stevenson, Mr. G. M. Stitcher, Mr. R. C. Stow, Sir Arthur Sugden, Mr. M. C. Swift.

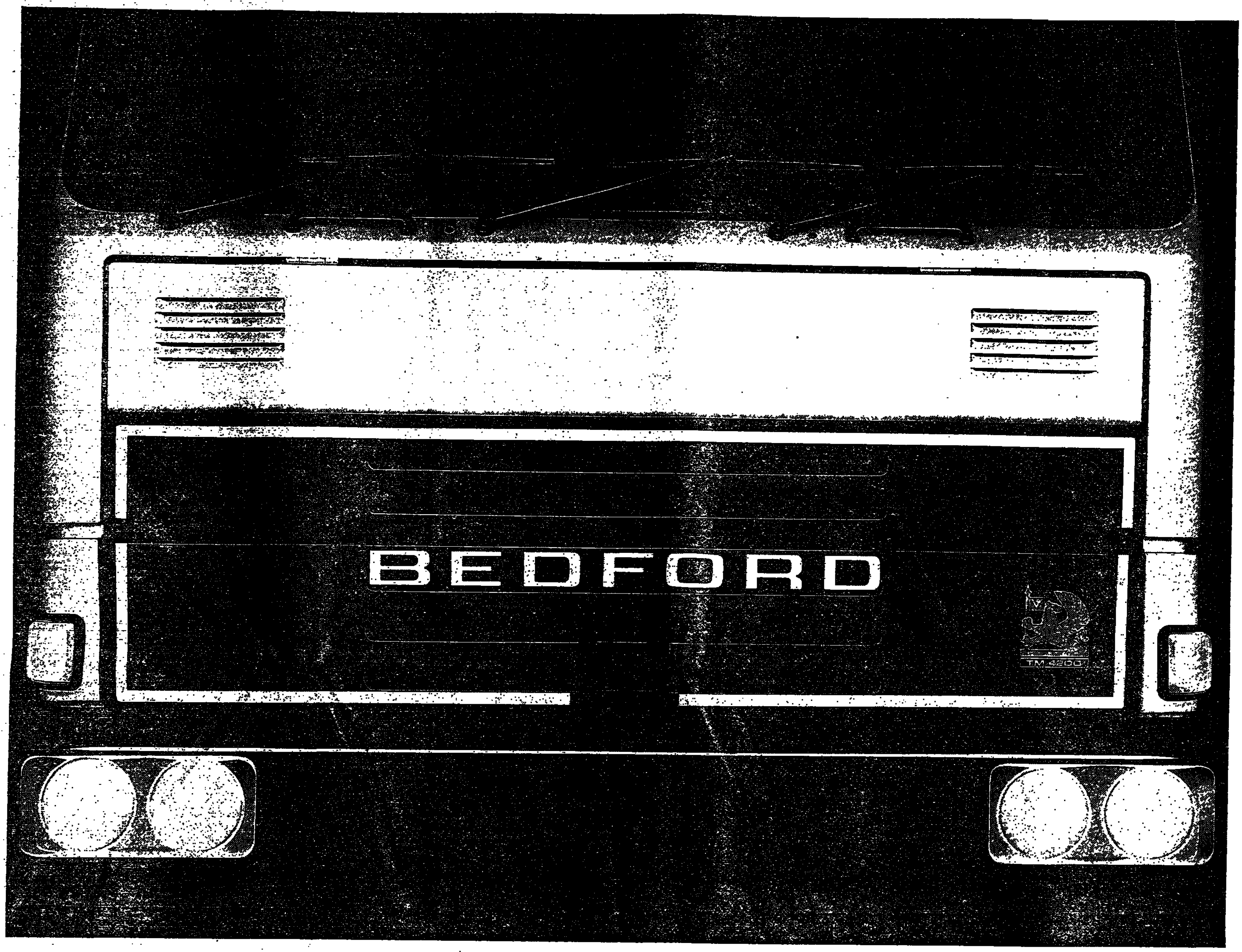
Mr. K. Taylor, Mr. P. A. S. Taylor, Mr. G. Thomas, Mr. J. M. Thomas, Mr. K. A. C. Thorogood, Mr. C. H. Tidbury, Alderman A. Traill, Mr. A. F. Tuke, Mr. J. E. Turner, Mr. R. L. Turner.

Sir Peter Vanneck, Mr. P. D. F. Varrall, Sir Reginald Verdon-Smith, Mr. W. M. Vernon, Sir Charles Villiers.

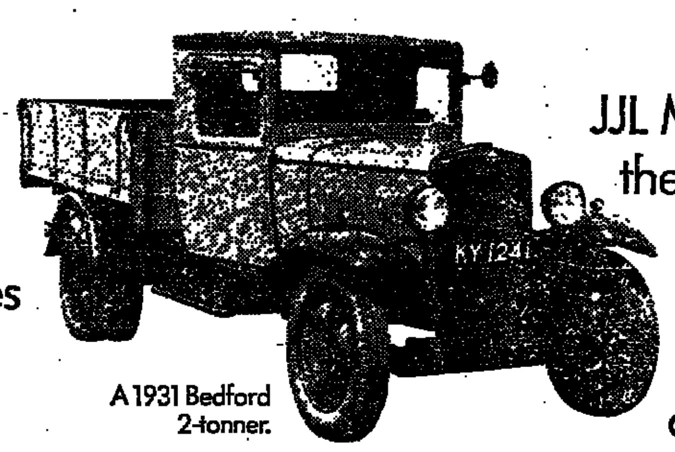
Mr. S. Wainwright, Sir Bernard Waley-Cohen, Mr. D. A. Walker, Sir Douglas Wass, Mr. M. A. Weinberg, Viscount Weir, Mr. M. H. W. Wells, Mr. D. Vander Weyer, Mr. M. G. Wilcox, Mr. V. G. Williams, Mr. J. S. Wills, Mr. R. T. D. Wilmot, Sir Leonard Wolfson, Sir Hugh Wontner, Mr. Peter Wood, Mr. A. J. P. Woodhouse, Lt.-Cdr. B. R. Wright.

Sir Philip de Zulueta.

The 3 millionth



In 1931 the first ever Bedford truck rolled off the production line. Now, 3 million commercial vehicles later, Bedford's reputation for reliability and economy is as firm as ever.



A 1931 Bedford 2-tonner.

At the Motor Show you can see the Bedford range for yourself. There's the ever-popular HA van, the Chevanne and a display of CF models. Also the new JJL Midi Bus. Look out for the TK, the best-selling British truck of all time. Over half a million have been built and sold around the world. And, of course, there's the 3 millionth Bedford itself, a TM 4200, the flagship of the range.

3,000,000 BEDFORDS

Three million Bedfords. Just think about it. An impressive contribution to the wheels of industry.

On Stand 343 in Hall 3A at the Motor Show, NEC Birmingham.

BEDFORD

The choice in transport

The Property Market

BY JOHN BRENNAN

Digging up Lloyd's future

ARCHAEOLOGY provides a glimpse of the future for Lloyd's of London.

The insurance market announces today that it is to support an archaeological "dig" under its old underwriting floor on the east side of Lime Street. Interesting enough, given that the site lies close to the forum of Roman London. But of more material interest are the terms of this support. Lloyd's is to provide the Department of Urban Archaeology with a £30,000 grant and facilities to burrow beneath its buildings until next March.

The obvious implication, confirmed by a spokesman for the Corporation, is that Lloyd's hopes to start work on its giant new underwriting floor development next spring.

Details of the redevelopment of the Lloyd's freehold buildings—which include the whole block bordered by Lime Street, Leadenhall Market and Leadenhall Street—will not emerge until plans have been agreed by the Committee of Lloyd's, and by a vote of all Lloyd's members. But the scheme is based on the need to enlarge the market's trading floor, which is already the largest air-conditioned room in Europe and one of the world's largest open plan offices.

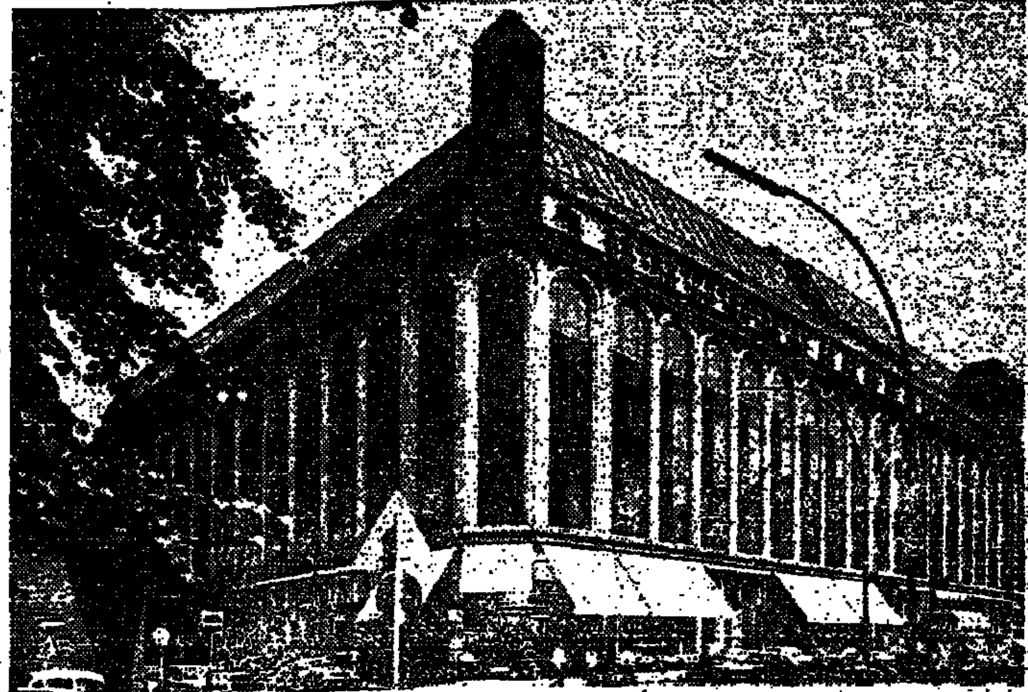
The appointment as architects of Piano and Rogers, creators of the controversial "inside-out" Pompidou centre in Paris, raises the possibility of a dramatic solution to the redevelopment problems.

Whatever the design of the new buildings, the size and importance of the site, and the scale of the building work—which is expected to last up to seven years—will make Lloyd's redevelopment one of the most expensive and important property schemes in the City's history. And talk of a possible closure or enclosure of Lime Street to link the development site to the existing trading floor implies a change in the shape at the core of the "Lloyd's triangle," the very heart of the City's insurance area.

Lloyd's support of a "dig" running from November recognises the historical importance of the site. But the agreement also minimises the risks of any demolition and building delays by setting a March completion date for the research.

This pre-emptive action by the Corporation comes days after news that Electricity Supply Nominees, advised by Richard Ellis and insurance brokers Sedgwick Forbes, plans the largest ever claim on an archeological finds insurance for a four-month delay on its Watling Court scheme on Cannon Street, EC4.

ESN's claim could reach £1m. But it looks certain to run into a legal battle with its insurers, who are expected to challenge a claim where the Department of the Environment used its temporary "scheduling" powers rather than directing preservation of the site. By simply scheduling the site the DoE appears to have side-stepped any compensation claim from ESN. And although insurance for the site dates back four years, when cover was less clear-cut than on current policies (which generally pay out only when construction is halted by direct order from the Secretary of State and when the developer loses money by delaying a firm pre-letting contract) it will take a close look at the policy's fine print before the fund discovers if its claim holds up.



British Petroleum Pension Fund's one and only venture into the continental property market, the Kaufmannshaus complex in Hamburg, is now completed.

BP paid around £5m for the 73 year old merchants' centre late in 1974 and has spent a further £5m on refurbishment work.

Debenham, Tewson and Chinnocks *and Hamburg* agents, Industrie Immobilien Muller, GmbH have let around half the building's 40,250 sq ft of shopping space at between £5.80 and £14.50 a sq ft a year. The five upper floors, with 186,500 sq ft of air conditioned offices, are now on the market at rents pitched *towards the top end of* the rate for Hamburg prime space, at DM 23 a square metre *a month*, £6.70 a sq ft a year.

Tale of two cities

PARIS and Dublin, for years two of the most over-officed cities of Europe, are now heading for space famines.

In Paris, international organisations looking for large office units are in for an unpleasant surprise, according to a review of the market published by Knight Frank and Rutley today. Looking at Dublin, Jones Laing Wootton paints an equally grim picture for prospective tenants.

In an update of its 1977 survey, published today, JLW reports that a record 500,000 sq ft of offices have been taken off the Dublin market so far this year. The firm expects the twelve month total to top 600,000 sq ft, three times 1977's letting rate, and well ahead of the ½m sq ft average of the past four years. Lettings leave just 150,000 sq ft of modern empty space on the market, with a further 300,000 sq ft due for completion in the next two years.

As the supply of space is absorbed rents have been bounding ahead. Last year's prime rents of £3.50 are today's £5 a sq ft. And as new developments are committed with heavy pre-lettings, JLW reports the occasional asking rent of up to £6 a sq ft.

In Paris, KFR reports that tenants looking for offices of over 10,000 sq ft are beginning to encounter real problems, particularly in the main business areas of the central and western arrondissements. Smaller office suites are still fairly easy to find, and the mass of "To Let" boards and property advertisements for smaller suites give the false impression that there is still a massive office oversupply in the city.

The firm relates supply problems to the changed political climate in Paris. Under Charles De Gaulle and Georges Pompidou the government aimed at building up the office market in the city. Now Giscard d'Estaing has quashed new town development around the city, a policy opposed by the Mayor of Paris, Monsieur Chirac.

The political background has accentuated the effects of the commercial climate, with Giscard's planning blight compounding the effects of the property recession. As the "white elephants" of the 1972-74 development boom are filled, and with little new development in the pipeline, rents for larger units are beginning to rise.

Annually indexed rents, normally tied to construction costs published by the Institut National de la Statistique et des Etudes Economiques (INSEE), have rarely reflected true market rents in recent years. Annual index increases of up to 15.7 per cent (8.9 per cent in 1977-78) have moved well out of line with open market rents, which KFR believes barely changed from 1973 to 1977.

This rental anomaly has naturally forced many tenants to invoke "break" clauses in their leases and either move, or renegotiate their rents. But this anomaly is now fading as letting pressure helps to bring market rents more into line with indexed rents. KFR believes that Paris office rents have already risen by between 8 and 10 per cent this year, and as the large unit space shortage grows, this rent growth accelerates.

IN BRIEF . . .

PRIVATE INVESTORS can now compete with exempt pension funds on an equal footing in the Isle of Man's property investment market. Changes in the island's tax laws this year remove external funds' tax exemption advantages on investment property income. That eliminates much of the appeal of the island's commercial property for pension fund managers, and local investors and family trusts have been left with the market to themselves.

The IoM's commercial property market is not particularly sizable, and in one of the largest investment deals completed there in recent years, a family trust has just paid £897,000 for the 32,500 sq ft Victory House on Prospect Hill in the financial heart of Douglas.

Victory House, let to 15 tenants for a total rent roll of £75,266, was completed in 1974 by The Isle of Man and Overseas Estates Corporation. IoM and Overseas was once within the orbit of Judah Binstock's financial empire and is 39 per cent owned by Isle of Man Associated Investments, which, among other interests, runs the island's casino.

J. P. Sturge and Sons, along with Douglas agents Alan Cowley, negotiated the sale for IoM and Overseas, and Sturge points out that, although it took nearly four years to completely let the block, with current prime rents ranging up to £3 a sq foot in Douglas there is a fair reversionary element built into freehold. As it is, the family trust takes an initial yield of just under 8 per cent.

●

VIENNA was by-passed by developers in the early 1970s. Planning controls on the older buildings of the city centre prevented any significant inner rebuilding work, and archaic tenancy laws still restrict the growth of the local property investment market.

Without the appeal of other European capitals, few in the property industry have bothered to look at Vienna. Now, West End agents Nathaniels and Dicker are trying to fill that information gap.

They report that the few modern commercial buildings in the city are let on standard European leases. The mass of older space is tenanted on open-ended, non-reviewed leases. This gives tenants enormous bargaining power if they agree to assign space. Landlord-tenant negotiations usually result in the incoming tenant paying a sizeable premium to the outgoing tenant, a premium paid to reflect a rent kept at only around half the true market rent. Investments in these older buildings are, therefore, heavily reversionary and funds expect initial yields of 10 per cent against 5½ to 6 per cent for modern rack rented offices.

Current office rents range around 150 schillings a sq metre a month (£6.25 a sq ft a year) for prime inner city space, Sch 100 to 130 for modern city fringe space, and Sch 50 to 60 for old buildings. Prime shops can cost over Sch 1,000 (£42 a sq ft a year) ranging down to a tenth of that for older, off-centre units.

●

LEIGH DEVELOPMENTS, set up five years ago by former English Property Corporation men, C. B. Leigh and A. G. Cotsworth, is to carry out a £5.5m industrial development in Portsmouth. Leigh has won the City of Portsmouth's competition to redevelop the council's 19 acre Railway Triangle site by the M27 Motorway in Drayton.

The developer, now settling financing terms with an institutional backer, is already talking to an anchor tenant for part of the 254,740 sq feet of industrial and warehouse space planned for the site. Building work is expected to start late next spring, by which time letting agents L. S. Vail and Son of Fareham will be looking for rather more than local current prime industrial rents of between £1.70 and £1.90 a sq foot.

INDUSTRIAL AND BUSINESS PROPERTY

هكذا صدر الأصل

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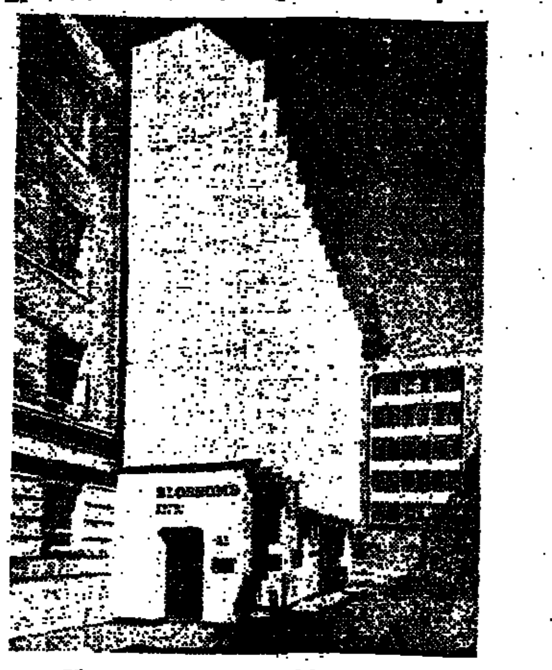

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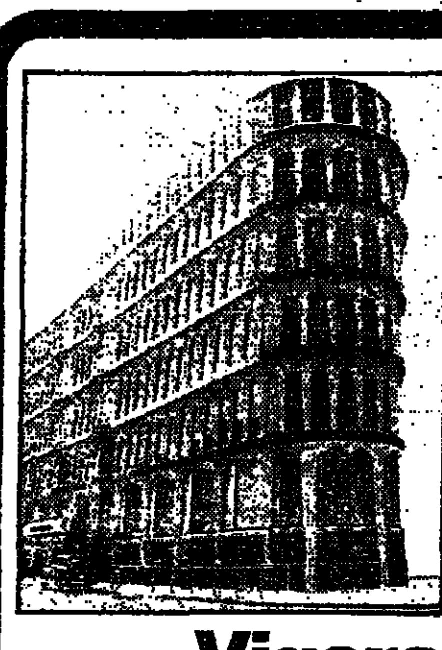

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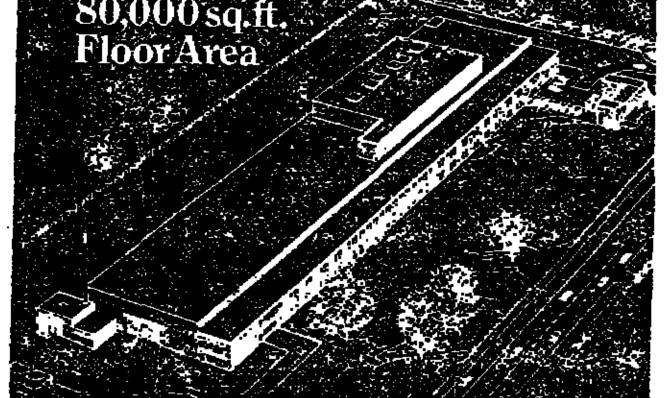

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PROPERTY DEALS

Trafalgar takes on Sheffield

TRAFALGAR HOUSE Developments has taken over Lazard Property Unit Trust's £3.28m, 120,000 sq ft office development on the Playhouse site in Sheffield.

Geoffrey Carter, Trafalgar's development director, is not worried about the overhang of uniet offices in the city. His scheme lies between Midland Bank's regional headquarters in the Pennine Centre and Barclays Bank's Steel City House. When complete, in November, 1980, the block will complete a Sheffield fringe office centre that he believes will draw in tenants at the 1980 equivalent of today's £4 to £4.50 a sq ft prime rents.

Healey and Baker, who represented Trafalgar on the site purchase, remains as joint letting agent with Eadon, Lockwood and Riddle. Eadon, with Weatherall, Green, and Smith advised Lazards. Trafalgar's subsidiary, W. J. Simms and Sons and Cook (Northern) takes on the construction work, while Viking Property's Chaddesden Investments remains as project consultant.

•

HARPISICHORD makers Robert Morley and Company are expanding into the 10,000 sq foot factory at Engate Street, Lewisham, S.E.13, held by mortgagees of First National Finance Corporation. FNFC's mortgagees, advised by Chamberlain and Willows, were asking around £120,000 for a lease on the two storey block from the City Corporation. The lease costs just £1 a year without review for 33 years.

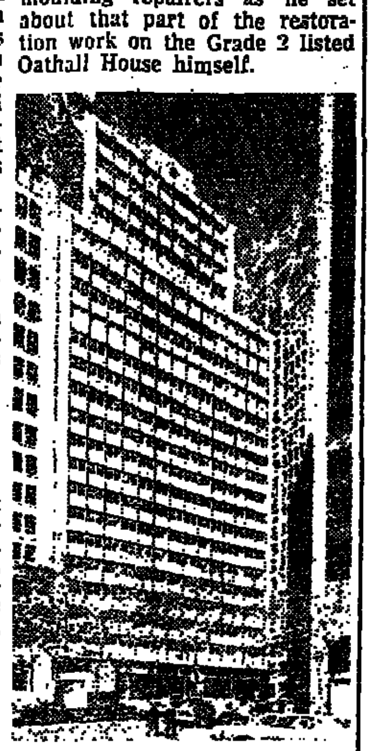
•

HAYWARDS HEATH, just 45 minutes from London by train and a few miles from Gatwick Airport, is developing into a small, but prestigious office market.

Modern office rents in the area now run between £5.25 and £5.50 a square foot according to local agents Geering and Colyer, who recently let Abbey Life's 20,000 sq ft Westchester House to British Caledonian for £5 a square foot. The airline is building a major national headquarters building in nearby Crawley, but until it moves fairly tight planning controls mean that there is only one sizeable modern unit on the horizon, New Capital Properties' 23,000 sq ft scheme on Perrymount Street near the railway station.

New Capital, an offshoot of Gresham Trust, is expected to have its building completed by early 1980 and Geering is currently talking of pre-lettings at up to £5.50 a sq ft. The only other major project in the pipeline is Tarmac's 42,000-sq-ft scheme, also on Perrymount Street. The tenant who supported the block's Office Development Permit is not now expected to take the space, and Tarmac has to decide whether to go for a speculative ODP or not.

The local market still attracts a fair amount of letting interest despite the shortage of modern space. Geering has just signed up Barclays Bank Staff Association to take a standard 25-year lease on the 3,500-sq-ft Georgian House refurbished as offices by Victor Jamieson's Maxwelton House Property Company. It appears that Mr. Jamieson has not heard of cornice and ceiling moulding repairers as he set about that part of the restoration work on the Grade 2 listed Oathall House himself.



Jones, Lang, Wootton has pulled off the first half of a spectacular coup in New York. The agents, after three years still relative newcomers to the U.S. market, have been appointed sole letting agents to The William Kaufman Organisation's 280,000 sq ft offices at 7 Hanover Square (above). Kaufman recently bought the 25 storey building from Connecticut General Life Insurance and has 200,000 sq ft standing empty. New York agents will be keeping a competitive eye on JLW's success or otherwise in pulling off the second half of the coup, actually letting the space for around U.S. $12 (£6) a sq ft.

•

SIDNEY COROB'S Corob Holdings has now completed the air conditioned refurbishment of 11,500 sq feet of offices in the eighteenth century building at 67 to 68, Grosvenor Street, W.1. Smith Melzack and Teacher Marks are marketing the space for Corob at around £175,000 a year, a heady £15.20 a sq foot recognising the block's very extensive conversion to prestige headquarter office standards

JB

LABOUR NEWS

Inland container men seek 'docker' status

BY NICK GARNETT, LABOUR STAFF

WORKERS AT two of the largest inland container depots, which have no close contact with any seaport are seeking reclassification as dockers.

Container handlers at the Leeds and Birmingham depots of Containerbases, one of the biggest operators in the field, are asking the company to apply on their behalf to the nearest port licensing authorities.

Shop stewards said yesterday that the applications were being made because there was no legislation that would have automatically classified them as dockers.

They hinted, however, that job security was a factor. There had been some anxiety that attempts by dockers to resist inland container work going to non-dock labour might be repeated.

One reason for the action taken by Southampton dockers in restricting use of the large Didcot inland terminal over the last few years has been the principle of who is and is not entitled to load and unload containers. Action by dockers has curtailed expansion at Didcot.

So far, the company has not had similar applications from its two inland bases at Manchester and Coatbridge in Scotland.

Mr. John Reid, the company's group managing director, has written to Mr. Moss Evans, general secretary of the Transport and General Workers' Union, to clarify the union's policy on manning at inland container terminals.

The container handlers are members of the Transport Workers, as are most dockers, but belong to the road haulage rather than the docks group.

The Government's attempts to define dock work have collapsed over the past two years.

Legislation to provide a five-mile corridor around ports in which registered dock workers would have had exclusive cargo handling rights was watered down in 1976 to provide a corridor of only half a mile.

This year the Commons defeated an Order that would have implemented the latter legislation, however.

The 265 container handlers at Containerbases' four inland depots are also applying under Schedule 11 of the Employment Protection Act for pay parity with workers at the company's Barking terminal. The workforce at Barking consists of registered dockers.

Pay for workers at the inland depots is £68 for a 35-hour week, which compares with £82.50 for those at Barking. The company believes that the disparity is too great, but has been unable to narrow the gap because of pay policy.

Vauxhall men vote for strike action

BY PHILIP BASSETT, LABOUR STAFF

VAUXHALL assembly workers at Ellesmere Port yesterday voted to strike from November 1 in the first of the mass meetings to be held on the company's pay offer of just under 5 per cent.

The meeting of the 3,000 workers, members of the Transport and General Workers' Union, backed the recommendations of union negotiators of the annual pay claim. Earlier this week the trade union side served 14 days notice on the company of an all-out strike when it refused to increase its offer beyond the guidelines figure.

The 5,000 members of the Amalgamated Union of Engineering Workers at the Merseyside plant are expected to follow suit when they meet on Sunday.

The 13,000 hourly-paid workers at the company's Luton plant meet on Tuesday and the 4,500 at Dunstable on Monday. They, too, are expected to support the strike call, though the Ellesmere Port factory is traditionally seen as the most militant.

Some moderate workers and shop stewards at the Luton and Dunstable plants claimed yesterday that they were afraid to vote against strike action at a mass meeting for fear of violent recrimination.

They predicted a large-scale shopfloor revolt if the meetings were replaced by secret ballots, and said that leaflets and petitions were being circulated at Dunstable to try to replace the meetings wtih ballots.

Mr. Tom Conway, Luton deputy TGWU convenor, said that he had seen no petitions. Those making the allegations should make an official complaint. "We always get allegations of this kind during a dispute, but they are never found to be true."

Vauxhall has offered increases of between 4.2 and 4.8 per cent, and a productivity deal expected to be worth up to £14 a week. The union claim is for "substantial" increases and a reduction in hours.

Footwear workers reject union deal

SHOEWORKERS have rejected a pay deal accepted by their union. In a ballot 28,874 members of the National Union of Footwear, Leather and Allied Trades were not prepared to accept the Government 5 per cent pay policy. Only 8,116 were in favour.

Urgent talks have been requested with employers to iron out details of a new deal. Mr. Bert Comerford, president of the union said: "Union officials are naturally disappointed with the outcome of the ballot.

"It indicates a clear rejection of the Government's pay policy, so for us it is a case of back to the drawing board."

The shoeworkers wanted increases of £7.20 a week and five days holiday a year, and a reduction of 2½ working hours a week.

At a meeting with the manufacturers' federation, union officials agreed to accept in principle a 5 per cent rise, but members protested, and the ballot was held.

Daily Telegraph printers back return to work

BY PAULINE CLARK, LABOUR STAFF

THE LONGEST and probably the most damaging strike at the Daily Telegraph for 23 years ended last night when printers, in dispute over pay and disputes procedures, "overwhelmingly" accepted a peace formula.

London editions of the newspaper have not appeared for more than a fortnight because of industrial action by 240 members of the National Graphical Association.

Although a full return to normal working was expected last night, the settlement came too late to avoid some disruption to today's editions, and the paper's management said that the usual number of copies might not be available.

The management, which had warned at the beginning of this week that the strike was leading to bankruptcy, added that about 13m copies had been lost in the longest period of industrial disruption since electricians stopped work for a week in 1955.

The strike began over a comparatively minor pay issue affecting only 24 NGA members operating telephoto equipment but developed into a major confrontation over a management desire to see full-time union officials involved in helping to settle disputes with printers.

This has become a sticking point in Fleet Street negotiations, with the NGA a leading proponent of the view that disputes should be settled primarily between the management and employees.

Agreement on a return to work was reached at a 2½-hour meeting of the composing room chapel (union branch) attended by Mr. Les Dixon, president of the NGA, and Mr. William Booroff, London regional secretary.

The full-time officials recommended acceptance of an agreement reached in principle between the management and the TUC printing industries committee on Tuesday night, which the management described as establishing a platform for disputes procedures in the future.

The agreement provides for settlement of composing room matters between management and chapel but allows reference to permanent union officials, if serious difficulties arise, and recourse to a TUC panel, in the event of total deadlock.

Talks are to take place between the chapel and NGA officials on the pay claims for the telephoto operators.

Water cut off

THOUSANDS OF homes in parts of Ulster were without water last night because of an unofficial work-to-rule by 200 men in the Department of the Environment's water service. Supplies to six towns in Co. Armagh and Co. Down had been cut off and water was being distributed by tankers.

Shipyard unions to see Varley over job losses

By Our Labour Staff

SHIPBUILDING UNION leaders are to meet Mr. Eric Varley, Secretary of State for Industry, to discuss the 10,000 redundancies projected by the corporate plan being completed by British Shipbuilders.

Senior union officials have accepted the seriousness of the industry's plight, and Mr. John Chalmers, general secretary of the Boilermakers' Amalgamation, has said that by this time next year there might be no ships in UK merchant shipbuilding yards.

British Shipbuilders will open talks on the plan with union leaders next week, on the assumption that the merchant shipbuilding workforce of 40,000 will be reduced by about three-tenths. The corporation is expected next month to announce losses of almost £100m in its first nine months' trading.

Mr. Chalmers said yesterday that the Confederation of Shipbuilding and Engineering Unions was seeking a meeting with Mr. Varley as soon as possible to discuss the Government's plans for the industry.

He agreed that the industry needed forward planning.

There have been almost 3,000 redundancies in the industry since nationalisation in July last year. The maximum payment under the shipbuilding redundancy scheme is £10,400 a worker, although the corporation estimates that payments will average £1,725.

Union accuses rubber concerns

BY SUE CAMERON

THE General and Municipal Workers' Union has accused rubber companies in Britain of making a "mockery" of the industrial strategy by throwing a "shroud of secrecy" over tyre imports.

It said yesterday that the "double standards" of Dunlop and Uniroyal had forced it to reconsider its whole attitude to the Government's industrial strategy and that dialogues aimed at boosting productivity would "be a waste of time" unless companies were more open.

Mr. David Warburton, the union's national industrial officer for chemicals and rubber, claimed that Dunlop and Uniroyal were merely "paying lip service" to the need to cut tyre imports. Both were contributing to the problem. Last year, imports were running at 38 per cent, an increase of 11 per cent since 1975.

Dunlop was importing Romanian tyres via its wholesaling and retailing subsidiary, National Tyre Services, until the end of last year said Mr. Warburton.

Dunlop said yesterday that the imports were part of a buy-back deal concluded with the Romanians in the early 1960s. It was no longer importing East European tyres, but it had not told the trades unions about the Romanian import deal until the GMWU started making inquiries this summer.

Mr. Warburton said that he was equally concerned about the activities of Uniroyal, the U.S.-based rubber and chemicals group, which had mooted the idea of a four-day week at its Scottish factories in Dumfries and Newbridge because of cheap tyre imports.

The company was providing technical assistance and management for a high capacity tyre plant at Debica, Poland, which was exporting part of its output to France. France could provide a market for British tyres, Mr. Warburton said.

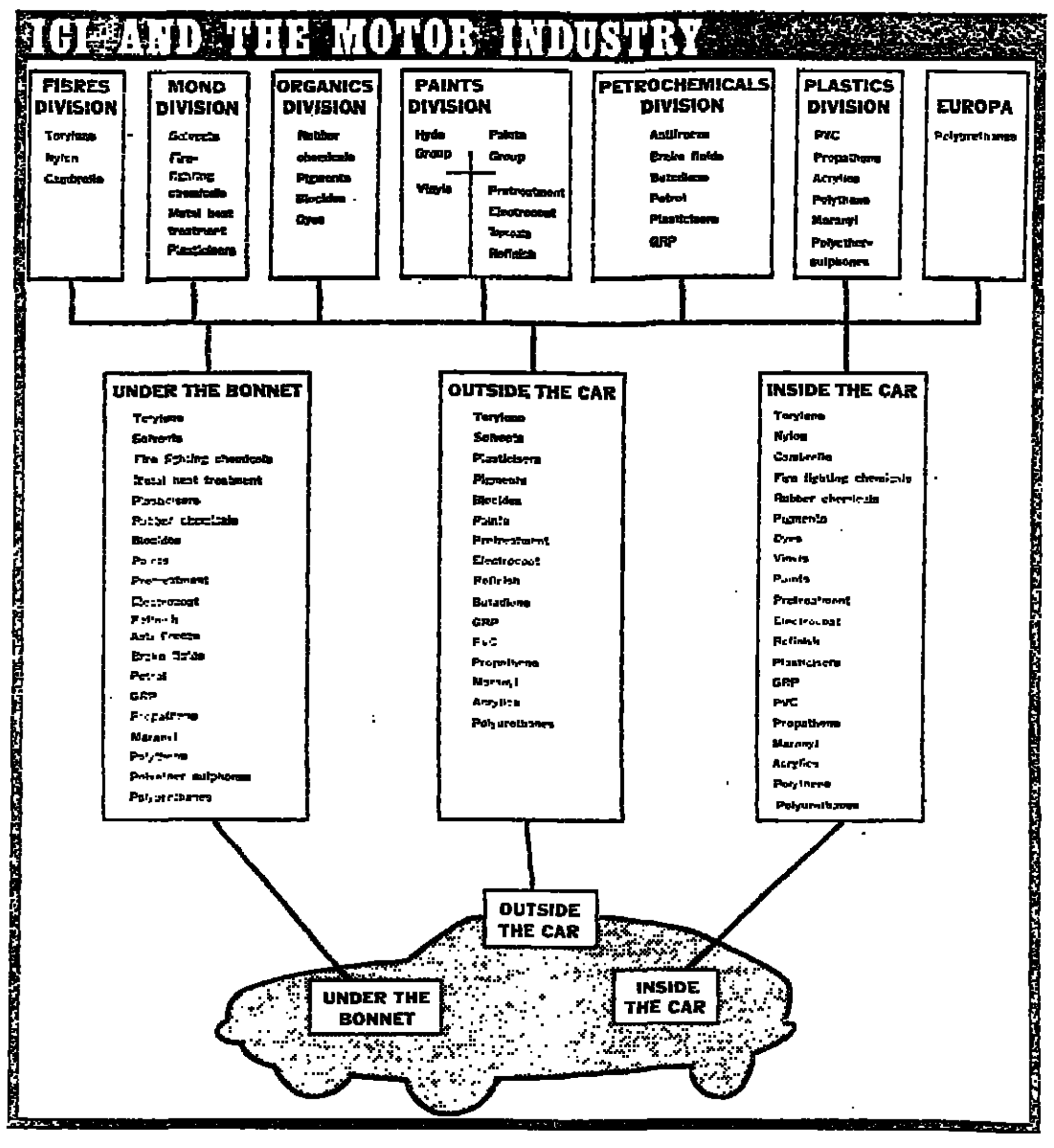
● A 35-hour week and a substantial pay rise are included in a comprehensive claim lodged on behalf of 350,000 garage workers. The unions want consolidation of present pay supplements, improved holidays, better holiday and shift pay and a review of classification for some skilled workers.

The Management Page

EDITED BY CHRISTOPHER LORENZ

ICI—driving hard for a bigger stake in the Continental car

BY NICHOLAS LESLIE



THERE are two particularly striking aspects about one of the newest teams to emerge in the past two years in Formula 2 motor racing. One is its colours, which are three shades of very distinctive green. The other is that the team is sponsored by ICI—Britain's biggest chemical group—not, perhaps, the most obvious company to be putting a considerable amount of money behind such an activity.

ICI is not, after all, noted as a consumer-oriented company in the same way as are cigarette manufacturers and oil and car companies, the most familiar motor racing sponsors. So it would seem to have much less reason to cut such a dash to keep its name in the public eye.

Yet two Formula 2 racing cars, sporting ICI's colours and logo, have been burning up a considerable amount of tyre rubber on various race circuits throughout Europe this year—and with considerable success. Derek Daly, ICI's main regular driver, has notched up two wins in Italy, together with two thirds, and other placings, to finish the year in number three position in the Formula 2 championship. And this is his first year in this class of racing.

Such success, though, is more of a bonus to ICI than its prime objective—although it obviously does not want to perform badly. For what the racing team really represents is the front end of a major campaign by the chemicals group to carve out a much larger slice of the Continental car market, particularly in the original equipment field—selling to the motor industry itself. At present, its business in this area is very small, and motor racing is seen as the ideal way to bring together existing and potential customers and explain to them what ICI can offer.

The most recent of these events was the final race in the Formula 2 championship, held last month at Hockenheim, West Germany. ICI hosted a large gathering of key people—together with their families—from such companies as Volkswagen, BMW and Mercedes-Benz, as well as component manufacturer representatives.

They were wined and dined from a double-deck hospitality bus right next to the race circuit and, most important, were made aware by the ICI executives on hand of the extent of ICI's range of products for the car industry, many of which are incorporated in ICI's own racing cars. Such functions have been held in Italy, France, the UK and Belgium throughout the past year, again with guests drawn from car and motor component manufacturers in each country.

The whole show is kept relaxed and is clearly appreciated by the guests. Like most people in the motor industry, they tend to have an enthusiasm for cars which far exceeds the bounds dictated by their professional involvement; they are as susceptible as anyone to the excitement of motor racing, particularly as they are given an insight into the behind-the-pits activity.

But the racing is really only one part of a large jig-saw in ICI's strategy towards the Continental motor industry, the ramifications of which touch many of its parts in significant and complex ways. The racing represents much more than publicity, although this is one objective. For, if all the pieces come together, ICI should emerge from relative obscurity on the Continent (surprisingly, the company is still largely unknown there) to become a major long-term force in the car components industry, producing such materials as plastics, fibres and solvents.

The market ICI is going for is enormous. The group's current sales to the motor industry total about £100m: but only 10 per cent of this is to Continental companies, the rest being in the UK. Yet the Continental car industry is roughly 10 times the size of that in the UK.

Inevitable

A continuing shift towards the use of lighter materials in cars—and plastics are the most economical—is seen by the motor industry as inevitable, particularly in the aftermath of the 1973 oil crisis, which threw into sharp relief the need to conserve energy resources. In the US, where the present plastics content of cars is about 4 to 5 per cent, legislation now demands that cars achieve a minium performance of 18 miles per U.S. gallon by the end of this year and 27.5 mpg by 1985 (equivalent to 33 miles per Imperial gallon). Part of this improvement must be achieved by reducing the weight of vehicles.

In Europe, no similar legislation exists, but lighter cars may nonetheless be inevitable given the American influence outside the U.S. While U.S. production accounts for 30 per cent of world production, on a worldwide manufacturing basis the American big four producers make 50 per cent of the total. By 1981, then, there are expectations that, for example, an average 1300 cc European car may have a 6 per cent plastics content by weight, against a current 4 per cent.

The potential for ICI thus becomes obvious. But to achieve its objective, the company is employing an approach which, in its own terms, represents a rejection of some established rules of management in favour of what might broadly be described as entrepreneurial.

ICI comprises a number of different, virtually autonomous divisions, including petrochemicals, fibres, paints, organics and plastics. Each has its own line management structure, its own sales team, research and development capacity and so on. This works well in the UK, where each division has a very large, well-established business, and the predominant requirement is a structure which ensures that markets are maintained and properly serviced. Another reason it works well is that ICI is so widely known, and existing and potential customers will therefore have a reasonable understanding of the range of products that are available.

On the Continent, though, those customers who have heard of ICI often think of it in very narrow terms—merely, for example, as the manufacturer of the one particular material they might use. Alternatively, they may be somewhat bemused at being approached separately by three divisions, each of which may argue that its particular material is the best for, say, fans. Either way, an accurate picture of the chemical group's capability in the motor industry is not always getting across.

Given that in Germany, for example, ICI is competing against three well-known giant chemicals groups — Hoechst, Bayer and BASF—which are all bigger than the British company, it becomes clear just how important it is for ICI not to confuse potential customers or waste its own time duplicating effort between divisions where a united approach would be preferable.

ICI's approach on the Continent is to build upon existing business so far as is possible—avoiding particularly strong head-on competition with its major rivals—but to generate markets in new product areas, both through its own efforts and by carrying out development work in conjunction with customers.

It recognises that the technical properties of some of its materials are essentially the same as those of its European rivals, and that, while with these it must sell harder, its best hopes may well lie in creating new products that will replace those currently being made with traditional materials, such as steel.

According to Dr. George Ewart, development manager of ICI's Europa division, which is based in Brussels, this means ICI must become better understood on the Continent and must also establish a stronger manufacturing capability, as well as on-going development programmes with customers to create materials to their specifications.

Proximity

The importance which ICI attaches to a Continental manufacturing and development capability is clearly underlined by its fear that, without it, the company would suffer from a logistical disadvantage. Why, in purely practical terms, should any Continental car or component manufacturer deal with a UK-based company unless it can offer manufacturing and development facilities within roughly the same proximity as its Continental rivals? This is one of the reasons why a plant is under construction at Wilhelmshaven, in Germany, for the manufacture of basic chemicals. The first phase is scheduled to come on stream early in 1981.

As evidence of the benefit of having Continental plants, Mr. Gustav Dierssen, general manager of Deutsche ICI, says that it was after a fibres plant had been built at Oestringen, near Heidelberg, that ICI's fibres sales in Germany really started to take off.

Equally important, then, for ICI's motor industry aspirations, is the polypropylene plant just coming on stream at the company's complex at Rozenburg, near Rotterdam, since polypropylene is one of the most important of ICI's materials for this industry. There are eight different plants at Rozenburg, producing such things as Terylene, nylon, polythene and acrylics. Other manufacturing facilities include Baleycourt (making plasticiser alcohols) and the Fos polyethylene plant, both in France, and the paints plant at Hilden, near Dusseldorf, in Germany.

To capitalise on all its various strengths ICI has taken what it feels is a non-traditional line with the divisions. Normally, says Dr. Ewart, a company attacking new markets would take a number of people out of their individual, specialist positions and form a new grouping inside a new company, with a special remit—in ICI's case the automotive industry. But he feels that while this may work for a small company it is not appropriate for a big group.

"You are taking a man out of his specialist environment, but are expecting him to continue making technical advances in a particular area. He will gradually become out of date and isolated, and eventually he will not be accepted by his colleagues. So we are trying a system whereby we keep people in their own area, with responsibility to their own line management, though co-ordinated by someone outside in order to present a united front"—in other words, a form of "matrix management."

While Dr. Ewart co-ordinates the entire European effort, others have responsibility in different countries for co-ordinating the efforts of separate divisions to sell to the motor industry. In Germany, for example, it is the assistant sales manager for polypropylene who has this task. It is an essential part of ICI's plan that all personnel with a co-ordinating responsibility should also have a specific line management function in one of the divisions. Part of the reason behind that is that this ensures they keep up to date with developments in their own field and that they maintain a keener appreciation of the potential of other group products.

It is also felt that people with a particular product responsibility should be better equipped to gain an understanding of how car manufacturers on the Continent are structured and how they operate. This is important now that ICI's assault on the motor industry is being directed mainly at car manufacturers rather than component suppliers: since it feels the car manufacturers will be making an increasing number of their own components and that it is crucial—given the long lead times on new car models—to get in on the ground floor with joint development work.

Similarly, ICI may feel that it is easier to try to persuade a car company to specify, for example, ICI fibres than it is to get an upholsterer supplying that particular car maker to change its source of fibre supply.

Although the theory behind ICI's approach is fine and allows considerable flexibility, it is not without its potential hazards. The freedom which the different ICI divisions have in their own countries to stipulate who should handle the co-ordinating role means that those now holding these responsibilities are not in the same level of line management in their own divisions. Thus, while in Germany the position is held by the assistant sales manager for polypropylene, in France it is someone who is two rungs further up the management ladder.

This raises the question of whether relationships between co-ordinators are affected by their different positions in line management. Since these people have no specified management clout outside their own particular line management it seems likely that the degree to which they succeed in using persuasion could be affected.

Another possible area of difficulty is the extent to which UK managers of ICI are responsive to the persuasive powers of the co-ordinators, particularly those engaged in technical development. There is good reason to believe that UK managers are largely unaware of how little known the company is on the Continent and consequently how flexible they need to be in responding to opportunities as they arise.

Then again, there will be occasions when one division will be asked to stand down in favour of another in supplying material for a particular product. This suggests that inter-divisional competition is being tinkered with, though this is denied by the company. It is hoping the divisions will gradually become more aware of each others' strengths for particular car components. If two divisions are equally sure their material is the right one for a particular application "we should let competition have its way," comments Dr. Ewart.

LOMBARD

Monetary virtue has a price

BY JONATHAN CARR

SHOULD YOU wish to be the life and soul of a party of agriculturalists from most European Community countries (an unlikely desire I agree)—here is one certain way of doing it. It will cause those around you to turn red in the face, guffaw loudly—indeed, as the saying goes, split their sides. You simply have to ask "do you think that the moves of the European council in Bremen in July for a reform of the common agriculture policy (CAP) will really come to anything?"

Ho ho, they will gurgle. They have seen it all before. It is only heads of state and government—that is men with their heads in the clouds—who could propose anything so absurd. Why most of them (perhaps all) could not even explain the difference between a threshold price and a sluicegate price if you asked them—let alone the workings of the system of monetary compensatory amounts. It is now, they continue, up to men of good sense and sound instinct—that is the agriculture ministers—to see that this dangerous talk of reform achieves no practical result.

As before

But in essence the CAP will go on as before. For, as we all know, the CAP is the only real common policy the European Community possesses. This point may briefly cause the agriculturalists to lose their mirth—but the thought of reform efforts will not fail to set them off again.

It is surely high time to wipe the smile off their faces. The arrogance of agriculturalists (a breed incidentally which extends far beyond those farmers whose interests are supposedly at stake) has persisted long enough. Farming has become much too important an affair to be left to farm ministers. Perhaps the lot of them should be put out to pasture for a year while the big overhaul occurs.

What justification could there possibly be for this somewhat extreme suggestion? In brief it is this. Most Community countries—probably all—are steering towards membership of the new European monetary system (EMS) from the start of next year. It is clear that the economic condition of some of those countries (let us say, for example, Britain) will make membership a tough if (arguably) rewarding business. Those countries have a right to expect support from other members, and from the Community as a whole, to supplement their own economic efforts and help them stay in the system.

It is now clear, or should be, that the structure of the monetary system in itself will not permit needy countries to treat it as a kind of "lucky dip" not previously available. It also seems highly likely that no wealthy member country (let us say, for example, West Germany) is going to make available from one day to another a lot of extra funds for transfer to currently-weaker brethren (which does not rule out boosting the role of the European investment bank as a provider of cheaper loans).

If, therefore, there is not going to be creation of a lot of extra funds in the near future to help improve the structure of weaker economies, there is a powerful, indeed irresistible, case for making better use of those already existing. That brings us to the Community budget — and automatically to the CAP which takes up about 70 per cent of it

Changed world

Does it make sense to talk about transferring new resources when so much of the existing budget goes to support prices of products already in surplus? Is it even reasonable to ask more of richer countries when the estimate for surplus butter storage alone exceeds the whole appropriation for payment under the regional fund. (Remember the regional fund—for whose establishment the British fought so hard and so hopefully?)

Yes, one knows about the big deal which allowed birth of the Community—an agricultural market for France in particular and an industrial market for Germany. But the world has changed—and neither French peasants nor French industry are as they were. Yes, one knows that Chancellor Helmut Schmidt tried a year or two ago to gain reform—but the French President was in a weak position domestically and had an agriculture minister called Jacques Chirac. But now the President is strong and the name of the agriculture minister is hardly known outside, perhaps even inside, the borders of France. This is an encouraging sign. Yes, one knows the argument that some of the biggest surplus stocks are in West Germany. Which might seem to give Bonn an interest in perpetuating the present CAP. But the latter is probably a red herring—since at least part of those stocks are not of German origin, simply dragged across the border to the land of the sturdy DM and swift intervention payments.

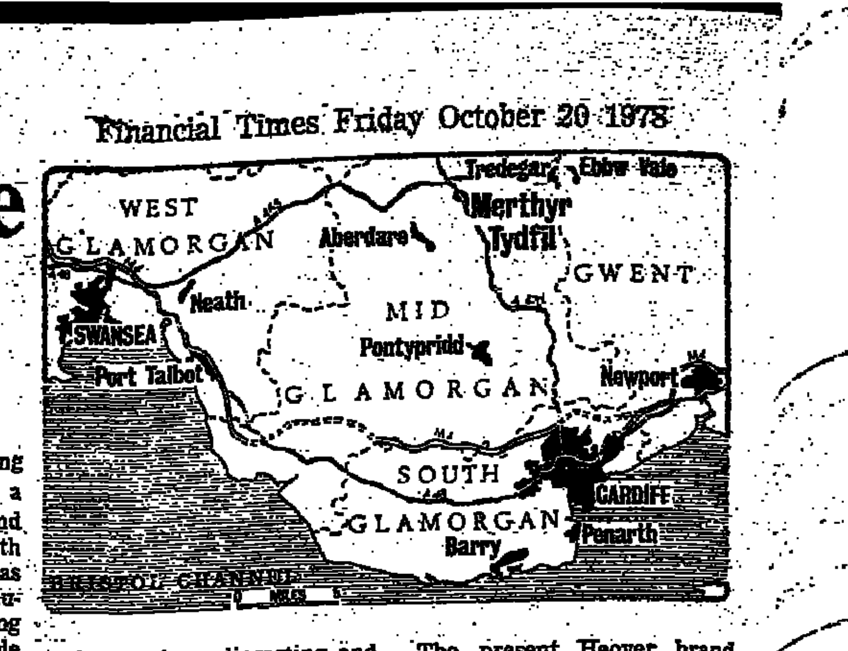
The question is no longer how things got this way, nor even how difficult it is going to be to alter them. The question is whether Community leaders have the gumption to insist that they will no longer stand for economic nonsense while preaching monetary virtue.

AROUND BRITAIN

MERTHYR

How Hoover picked up the pieces after the war

BY ROBIN REEVES



TODAY the Prime Minister is taking time off from affairs of state to visit Hoover's Merthyr Tydfil factory. The visit is timed to coincide with production of the fifteen millionth washing machine at the factory, but is also a recognition of the unique contribution Hoover has made to the economic life of Merthyr Tydfil and the surrounding industrial valleys since the company first came to South Wales 30 years ago.

The town of Merthyr Tydfil has a very special place in Wales' industrial and political history. One of the birthplaces of the industrial revolution, it grew up rapidly in the late 18th and early 19th centuries with the development of the local iron industry, and early on established itself as a hotbed of political radicalism. The Merthyr rising of 1831 produced the first workers' martyr — the legendary Dic Penderyn, who was hanged as an example — and possibly the first occasion on which the Red Flag was raised as a symbol of revolt in the British Isles.

By 1840, with the continued growth of the iron and coal industries, Merthyr had a population of 47,000 and was arguably, at the time, the largest industrial town in the world. Interestingly, it was then over 90 per cent Welsh speaking. The town prospered throughout the rest of the 19th century and secured another nook in political history by electing the first Labour MP, Kier Hardie, in 1900.

The town's economic difficulties began immediately after World War I, but conditions worsened considerably in the 1930s with the onset of the great depression and the transfer of the town's iron and steel industry to the coast at Cardiff 24 miles away to take advantage of cheap imported ore. British Steel's Cardiff steelworks at East Moors—closed earlier this year with the loss of some 3,000 jobs—was part of that transfer.

By 1939 Merthyr's unemployment was so high and seemingly intractable that it was even suggested in London that the town had served its purpose and should perhaps best be abandoned.

World War II brought relief in the shape of an influx of essential war industries and training in new skills, particularly engineering. But soon after the war, the bad old days seemed to be returning as war factories closed and unemployment started to climb again.

It was against this background that Hoover arrived in Merthyr in 1948. The company had been established as a U.S. subsidiary in London since 1919 and built its first factory, at Perivale, West London, in 1932. But after the war the company was persuaded by the Government to locate its post-war expansion in Scotland and Wales—at Cambuslang, Lanarkshire, on the outskirts of Glasgow, where electric motors for all Hoover appliances are made, and at Merthyr Tydfil.

The fortunes of Hoover of Merthyr and the Hoover Company have been inextricably bound together ever since. The first washing machine actually came off the assembly line on St. David's Day (March 1) 1948. The Mark Two model produced that day—one with a hand wringer attached—retailed at £21. Today, the same machine is still to be found among the range assembled at the Merthyr factory. It retails at £122.97 and is mainly exported to the developing world.

The importance of Hoover's arrival was to give the town a stake in a modern growth industry. The past 30 years have seen the domestic washing machine transformed from a luxury product to an item found in most homes. And, as with the vacuum cleaner, Hoover was in the forefront of the revolution to produce a washing machine which most people could afford, using mass production methods.

Initial employment at the Merthyr factory was 128 people. Today, the company is the largest single employer in the private sector in Wales, with a workforce of over 5,000 and Merthyr is the largest washing machine manufacturing complex in Europe.

Besides making a comprehensive range of washing machines, Merthyr also manufactures spin dryers and tumble dryers and is the development centre for new washing machines within Hoover's world-wide organisation. Nearby, Cafarthfa is the UK base for the company's fleet of articulated delivery vehicles.

The complex also supports 15 component manufacturers situated either in the borough of Merthyr itself or in towns in the surrounding valleys. Newport, Cardiff, Swansea and Llanelli are other places which also benefit from Hoover's presence — supplying additional services such as diecasting and vitreous enamelling.

On the marketing side, Merthyr is responsible for some 40 per cent of the washing machines sold on the British domestic market, and more than 50 per cent of the UK's total exports. Since 1948, almost one third of all the washing machines produced at the factory have been exported—to over 110 countries.

There is growing concern in the industry at the mounting pressure from cut-price models from the Continent, particularly Italy. But, so far at least, this has not affected Hoover's fortunes at Merthyr. Indeed, the company is presently involved in a further £10m expansion scheme next door to the existing facilities, to create an additional 400,000 sq ft of production capacity. The new space will be used partly to ease cramped conditions but, it is hoped, also for the production of a new Hoover dishwasher.

The present Hoover brand model is being imported from the West German manufacturer, Bauknecht, in order to test a market which has been slow to develop in Britain. But the design of Hoover's own model is evidently well advanced and assuming production does go ahead, it promises to boost employment in Merthyr to 8,000.

The latest expansion only underlines the vital role Hoover has come to play in the economic life of Merthyr and the surrounding area. Wales generally is passing through another unemployment crisis. A few miles away at Ebbw Vale, 2,000 steel jobs disappeared earlier this year under BSC's closure programme. Without the presence of Hoover—which already employs a significant number of ex-steelworkers—the economic position of a significant part of the South Wales valleys would undoubtedly be a good deal worse.

R. B. Chesne faces true test

RACING

BY DOMINIC WIGAN

THIS AFTERNOON'S renewal of the Group 1 William Hill Dewhurst stakes, the season's final major two-year-old test at Newmarket, seems sure to answer a few intriguing questions. The respective camps of R. B. Chesne supporters and More Light admirers should discover whether the former's narrow victory over his West Ilsley rival at Doncaster was a true result; while we should also find out how that pair stand with some of the best in England and Ireland, including Tromos, Miami Springs and Warmington.

Joe Mercer and Willie Carson, the respective riders of R. B. Chesne and More Light and two of the four most experienced jockeys now riding in this country, could hardly have more opposite views on today's race. Says Carson: "R.B. Chesne will never get the better of my horse again at any distance from six furlongs to six miles." while Mercer retorts: "Willie is kidding himself. If I ride R.B. Chesne for speed, I reckon he'll beat More Light."

There should clearly be little in it between those two again, and, although my narrow preference is for More Light—extremely slowly away in the Champagne at Doncaster — I intend passing over both of them in favour of Tromos. This beautifully bred colt has at present the good to fast ground in his favour and it could well be that he will "do" the other pair for speed on the uphill climb from the Bushes.

I have seldom seen a two-year-old open up a 10 lengths margin over smart opponents in a furlong or so, as did Stilvi's son in the closing stages of his race at Ascot last time out, and I am taking a reproduction of that form to see him home.

On an otherwise rather disappointing card, Jeremy Hindley's once-raced Northfields colt, Winking Fields, may be good enough to account for Galaxy Taurus in the "seller"; while the under-rated Hutton Girl, a half length second to Suni in Lingfield's Oaks trial, is given a reasonably confident vote over Native Spring and Glinting in the Boadicea Stakes.

Half an hour earlier, Lady Murless's lightly raced Chop Gate can spring back to winning form in the Fakenham Handicap. This colt, formerly with Lady Murless's son-in-law, Henry Cecil, but now handled by Jeremy Tree, has been brought along slowly since joining the Beckhampton trainer, and I anticipate the patience paying off here.

NEWMARKET

2.0—Winking Fields
2.30—Richard
3.00—Skimwit
3.35—Tromos*
4.05—Chop Gate***
4.35—Hutton Girl**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 3.00 Tennis: The BMW Challenge. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman (cartoon). 4.55 Crackerjack.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 Star Trek.
8.00 Going Straight.
8.30 Rings on their Fingers.
9.00 News.
9.25 Target.
10.15 Tonight—In Town (London and South-East only).
10.45 Regional, National News.
10.50 The Late Film: "Barbarella" starring Jane Fonda.

All Regions as BBC1 except at the following times:

Wales — 11.05-11.25 am For Schools. 1.45-2.00 pm Nant-y-pant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Cawl a Chan. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Scotland—10.23-10.43 am For Schools (Living in Scotland). 5.55-6.20 pm Reporting Scotland. 10.15 Tormod Air Telly (The Norman MacLean Show). 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Harry Mortimer's Choice of Star Brass. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Nook North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Variations; Midlands (Birmingham) The Grass is Greener; North (Leeds) Close-Up North; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) Report South; South West (Plymouth) Peninsula; West (Bristol) Steps

BBC 2

11.00 am Play School.
2.00 and 3.50 pm Tennis: The BMW Challenge.
5.20-5.45 and 6.10-7.00 Open University.
7.00 News On 2 Headlines.
7.05 The Best of Indoors Outdoors.
7.30 News on 2.
7.35 International Motor Show.
8.05 Top Crown.
8.30 Wuthering Heights.
9.25 Selected Horizons.
10.15 Sounds Like Friday: Elkie Brooks.
10.50 Late News on 2.
11.05 Tennis: (BMW Challenge highlights).
11.45 Rock Goes to College
12.25 am Closedown (reading).

LONDON

9.30 am Schools Programmes. 11.54 Beany and Cecil Cartoon. 12.00 Song Book. 12.10 pm Pipkins. 12.30 International Golf. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round. 2.25 Racing from Newmarket followed by International Golf. 4.15 Raven 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 Mixed Blessings.
7.30 The Rag Trade.
8.00 3-2-1.
9.00 The Foundation.
10.00 News.
10.30 Soap.
11.00 Golf—The European Open.
11.45 Police 5.
11.55 George Hamilton IV.
12.25 am Close: Pre-Raphaelite painting, music by Johannes Brahms.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 5.15 Bygones. 6.00 About Anglia. 10.30 A Suitable Case for Treatment—30 years of the NHS. 11.45 The Streets of San Francisco. 12.45 am Men Who Matter.

ATV

1.20 pm ATV Newsdesk. 5.15 Happy Days. 6.00 ATV Today. 11.45 The Creature Feature: "The Creature from the Black Lagoon."

BORDER

†1.20 pm Border News. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Cooper—Just Like That! 10.30 Your MP. 11.45 Barnaby Jones. 12.40 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Lost Islands. 10.28 *Channel Late News.* †10.32 The Late Movie: "Life Begins At Eight Thirty." 12.00 Golf Highlights (European Open). 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.30 The Rag Trade. 7.30 Aileach at the Embankment. 10.30 Reflections. 10.35 Stars on Ice. 11.45 Night Gallery. 12.15 am Grampian Late Night Headlines, followed by Road Report.

GRANADA

1.20 pm This Is Your Right. 1.30 The Amazing World of Kreskin. 5.15 This Is Your Right. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Reports Extra. †11.45 Friday Film: "Shock Treatment," starring Lauren Bacall.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Gambit. 2.00 Women Only. 5.15 Focus on Soccer. 6.00 Report West. 6.15 Report Wales. 10.30 Report Extra. 11.45 Code R.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Trigolion Y Dyfnderoedd. 6.00-6.15 Y Dydd. 10.30 Letter by Letter. 11.00 Outlook. 11.45 Golf.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 1.30 Houseparty. 5.15 Mr. and Mrs. 6.00 Scotland Today. 7.30 Thingummyjig. 10.30 Ways and Means. 11.45 Late Call. 11.50 Scottish Age Group Swimming Championships.

SOUTHERN

1.20 pm Southern News. 1.30 Gambit. 2.00 Women Only. 5.15 Happy Days. 5.40 Weekend. 6.00 Day by Day. 6.00 Scene South East (South East Area Only). 6.30 Tell Me Another. 10.30 Bill, Peggy, Royal and Friends. 11.45 Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News and Headlines. 1.20 pm North East News and Lookaround. 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 10.30 The Andy Williams Show. 11.45 Charlie's Angels. 12.40 am Epilogue.

ULSTER

1.20 pm Lunchtime. 1.30 Gambit. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Reports. 6.30 Sports Cast. 10.30 Stars on Ice. 11.45 Bedtime.

WESTWARD

11.55 am Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 Crown Court. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. †10.30 The Late Movie: "Life Begins at Eight Thirty," starring Monty Woolley, Ida Lupino and Cornel Wilde. 12.00 Golf Highlights (European Open). 12.40 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 1.30 Farmhouse Kitchen. 5.15 Happy Days. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 The Gallon and Simpson Playhouse. †11.45 "The Terrornauts," starring Simon Oates and Zena Marshall.

(S) Sterophonic broadcast
‡ Medium Wave

RADIO 1 247m

5.00 am As Radio 2. 7.02 Paul Burnett. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30 Victor Silvester Jnr (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Golf: European Open (report). 10.05 Jimmy Young (S) including 11.02 and 12.02 am Golf (further reports). 12.15 Waggoners' Walk. 12.30 Pete Murray's Open House in Bournemouth (S) including 1.02 Golf report and 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.05 and 3.45 Sports Desk plus Racing from Newmarket. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.05 Sports Desk. 6.05 Sports Desk. 7.02 Victor Silvester Jnr. at the Radio 2 Ballroom (S). 8.02 Johnny Gregory conducts the BBC Radio Orchestra (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Support Your Local! 10.30 Let's Go Latin with the Chico Arnez Sounds International. 11.02 Peter Clayton introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Berkeley (S). 9.45 BBC Northern Ireland Orchestra (S). 10.30 Young Artists' Recital (S). 11.30 Josef Bohuslav Foerster concert (S). 12.15 pm BBC Northern Symphony Orchestra concert, part 1: Barber, Mozart (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Northern Symphony Orchestra, part 2: Dvorak (S). 2.00 Bratislava Folk Music Prize 1977 (S). 2.35 Bath Festival 1978 (S). 3.40 Jascha Heifetz plays Tchaikovsky (S). 4.15 The Wife of Winter (S). 4.45 In Short. 4.55 South-West German Chamber Orchestra (S). 15.45 Homeward Bound. †6.30 News. †6.35 At Home: Guido Cantelli at Carnegie Hall. 7.30 Music from Pebble Mill, part 1: Larsson, Martin (S). 8.10 Where I Create I Am True. 8.30 Music from Pebble Mill, part 2: Rangstrom, Brahms, Ravel (S). 9.10 Vladimir Ashkenazy, Pianist and Conductor (S). 10.35 Among the Witnesses. 11.10 Alistair Cooke's Jazz 20s. 11.45 News. 11.50-11.55 Tonight's Schubert Song.

Radio 3 VHF only—6.40-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 My Apprenticeships. 9.00 News. 9.05 Local Time. 9.35 Am I Too Loud? 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.45 Washington DC—The Power and the Pressures. 12.00 News. 12.02 You and Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Birmingham, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Norman Shelley, actor, talks about his long and varied career in radio. 4.35 Story Time. 5.00 PM: News magazine. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 *Pick of the Week* (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.57 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz on Friday with Fritz Spiegl. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

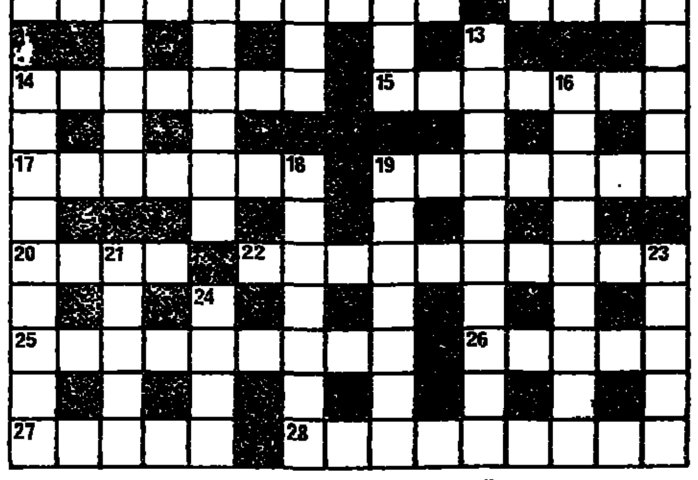
5.00 Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline with Alan Nin. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horn's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,801



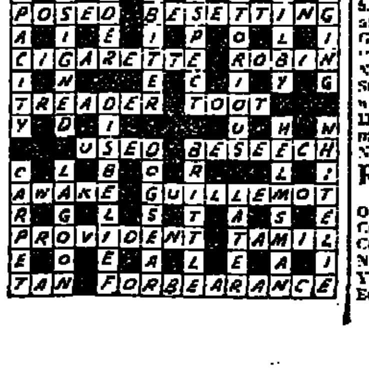
ACROSS

1 Girl in telegram is capable of being arranged methodically (9)
6 Applaud and embrace Frenchmen in firm grasp (5)
9 Fireplace found in certain glebe-houses (5)
10 Food in eastern ship shows signs of being sticky (9)
11 One who goes to work to strike (10)
12 Eruption that could be risky (4)
14 Soldier in female attire and nothing more on (7)
15 Talk about athlete's missile and start of shot (7)
17 Happy at being not so much in plot (7)
19 Opening some of liquor if I celebrate (7)
20 Monument to doctor (4)
22 Dark shortly though sailors may be seen in plant (10)
25 Ran back to company with muscular spasms, needing drugs (9)
26 Name no males follow (5)
27 Hesitate about article from old medium (5)
28 Easy to accept mixed trade for feast (6, 3)

DOWN

1 Caught leg in scale (5)
2 Annoy and make worse (9)
3 Southern wooden dwelling where non-vegetarians may eat (5-5)
4 One who is employed when on strike (7)
5 Went off stage embracing chorus leader and was impassioned (7)
6 Game for bed? (4)
7 Ring to be seen in square nave (5)
8 Rail supporter has note for quick delivery (9)
13 Help foot with one way of standing (10)
14 Girl coming out tuned beat wrongly (9)
16 Like soldiers, uniformed and losing direction (9)
18 Clued it incorrectly but it's sweet (7)
19 Overheads put on prices (7)
21 Spoils gas in swamp (5)
23 Nurse for Billy's mate (5)
24 Entrance or type of screen put up in church (4)

Solution to Puzzle No. 3,800



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Ton't 7.30 final perf of The Seraglio. Tomor. & Tue. 7.00 Don Carlos. Wed. 7.30 Iolanthe. Thur. 7.30 The Tales of Hoffmann. 104 balcony seats avail. from 10.00 on day of perf.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL BALLET. Ton't & Tues. 7.30 Mayerling. Tomor. 7.30 Serenade, A Month in the Country, Facade. Wed. & Thur. 7.30 The Sleeping Beauty. 65 Amphi seats avail. for every perf. from 10 a.m. on day of perf.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. ENGLISH MUSIC THEATRE. Tomor. & Mon. 7.30 Rossini's CINDERELLA. "A brilliant show of musical fireworks." Tms. Also 25 & 27 Oct. Tue. 7.30 Henze's vaudeville LA CUBANA. Also 26 & 28 Oct. Cheap seats avail. day of perf.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. OPENING NOVEMBER 9. Reduced Price Previews Oct. 31 to Nov. 8 at 7.30. Also Sat. Nov. 4 at 4 pm. BEYOND THE RAINBOW. An Enchanting New Musical. BOX OFFICE NOW OPEN. Credit Card Bookings 01-836 7611.

ALBERY. 836 3878. CC bkgs 836 1071-3. from 8.30 am. Party rates Mon., Tues., Wed. and Fri. 7.45 pm. Thurs. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER. "MIRACULOUS MUSICAL," Fin. Times. With ROY HUDD and GILLIAN BURNS. NOW BOOKING FOR CHRISTMAS AND THROUGH 1979.

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Tonight 7.30 Tomor. 2.00 & 7.30. David Mercer's COUSIN VLADIMIR. "A thoughtful, provocative play." D. Telegraph. With: Middleton & Rowley's THE CHANGELING (next perf. 24 Oct.) AS YOU LIKE IT (next perf. 27 Oct.) RSC also at THE WAREHOUSE (see under W.).

AMBASSADORS. CC. 01-836 1171. Evgs. 8.00. Tues 2.45. Sat. 5.00 & 8.00. JAMES BOLAM, GERALD FLOOD. WHO KILLED "AGATHA" CHRISTIE . . . ?

HAYMARKET. 01-930 9832. Evs. 8.00. Mats. Wed. 2.30. Sats. 4.30 and 8.00. GERALDINE McEWAN, CLIVE FRANCIS, NIGEL STOCK, PETER BOWLES, PAUL HARDWICK and FENELLA FIELDING. LOOK AFTER LULU by Noel Coward. with GARY RAYMOND.

HER MAJESTY'S. CC. 01-930 6606. Prevs. from Tonight. 7.30. (Mat. Oct. 28 at 3.00). Opens Oct. 31 at 7.00. BAR MITZVAH BOY. THE NEW MUSICAL.

KING'S ROAD THEATRE. 01-352 7488. Mon. to Thurs. 9.00. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. DON'T DREAM IT, SEE IT.

LYRIC THEATRE. CC. 01-437 3686. Evs. 8.00. Thurs. 3.00. Sat. 5.00, 8.30. JOAN PLOWRIGHT, FRANK FINLAY. FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. "TOTAL TRIUMPH," Ev. News. "AN EVENT TO TREASURE," D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAYFAIR. 629 3036. Evs. 8.00. Sat. 5.30 and 8.30. Wed. Mats 3.00. WELSH NATIONAL THEATRE CO. DYLAN THOMAS'S UNDER MILK WOOD. "A delight." Gdn. Join us Nov. 9 for the 25th Anniversary Party. Show-Buffet Wine £10.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Tonight 7.30. Tomorrow 2.45 & 7.30 THE DOUBLE DEALER by Congreve. LYTTELTON (proscenium stage): Tonight 7.45. Tomorrow 3 & 7.45 PLENTY new play by David Hare. COTTESLOE (small auditorium): Tonight & Tomor. at 8. Last 2 perfs of AMERICAN BUFFALO by David Mamet. Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bookings 928 3052.

OLD VIC. 928 7616. PROSPECT AT THE OLD VIC. THE LADY'S NOT FOR BURNING. Derek Jacobi "easy and virile authority" E. Standard. Eileen Atkins "riveting physical fluidity." Financial Times. "A gem of a performance from Robert Eddison . . . Michael Denison, John Savident and Brenda Bruce scoop up the laughs" Guardian. Today 7.30. Sat. 2.30 & 7.30. KING LEAR with Anthony Quayle opens Oct. 23. THE RIVALS returns Oct. 26.

OPEN SPACE. 387 6969. BECKETT DIRECTS BECKETT. Krapp's Last Tape and Endgame. Tues.-Sun. 8 pm.

SAVOY THEATRE. 01-836 8888. Credit cards 734 4772. Tom Conti in WHOSE LIFE IS IT ANYWAY? "A MOMENTOUS PLAY, I URGE YOU TO SEE IT." Guardian. Evs. at 8.00. Fri. and Sat. 5.45 and 8.45.

SHAFTESBURY. CC. 01-836 6596-7. 01-836 4255. Evgs. at 8.15. Matinees Thursday 3.00. Sat. 5.00, 8.30. TERENCE STAMP in EDWARD GOREY'S DRACULA with DEREK GODFREY. "ABSOLUTELY STUNNING." LAST 3 WEEKS. ENDS NOV. 4.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH. LONDON'S LONGEST LAUGH— OVER 3,000 PERFORMANCES.

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TALK OF THE TOWN. CC. 01-734 5051. Air-conditioned. From 8.00. Dining Dancing 9.30. SUPERB REVUE RAZZLE DAZZLE AT 11.00 PETER GORDENO.

THEATRE UPSTAIRS. 730 2554. Mon. to Thur. 7.30. Fri. and Sat. 5.15 and 8.15. Traverse Th. Prod. of THE SLAB BOYS by John Byrne.

VAUDEVILLE. 836 9988. Evgs. 8.00. AN EVENING WITH DAVE ALLEN. "UNDOUBTEDLY THE FUNNIEST SHOW IN TOWN." Sun. Express. LIMITED SEASON until Dec. 2.

VICTORIA PALACE. CC. 828 4735-6. 834 1317. STRATFORD JOHNS, SHEILA HANCOCK. ANNIE. Evgs. 7.30. Mats. Wed. and Sat. 2.45. "BLOCKBUSTING, SMASH HIT MUSICAL." D. Mail.

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. Royal Shakespeare Company. Ton't. 8.00. Peter Flannery's SAVAGE AMUSEMENT. "A striking and vibrant piece of theatre." S. Express. All seats £1.80. Adv. Bkgs. Aldwych. Student Standby £1.

WESTMINSTER. CC. 01-834 0283. Oct. 26-Nov. 18. Tuesday-Friday 7.45. Wednesday and Saturday 3.00. A MUSICAL ENTERTAINMENT. LOVE ALL. THE BUNNY AUSTIN STORY.

WESTMINSTER THEATRE. 834 0283. Tim Rice & Andrew Lloyd Webber's JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT. Starring PAUL JONES. Twice Daily. Opens Nov. 27. Tickets £2, £3, £4. BOOK NOW

Cinema

All rabbit life is here

by NIGEL ANDREWS

Watership Down (U)
Ritz and Plaza 4
Second Chance (AA)
Cineccnta and Minema
Shipwreck (U)
Warner West End and Studio
Pardon Mon Affaire, Too (AA)
Curzon
The Other Australian Cinema
ICA

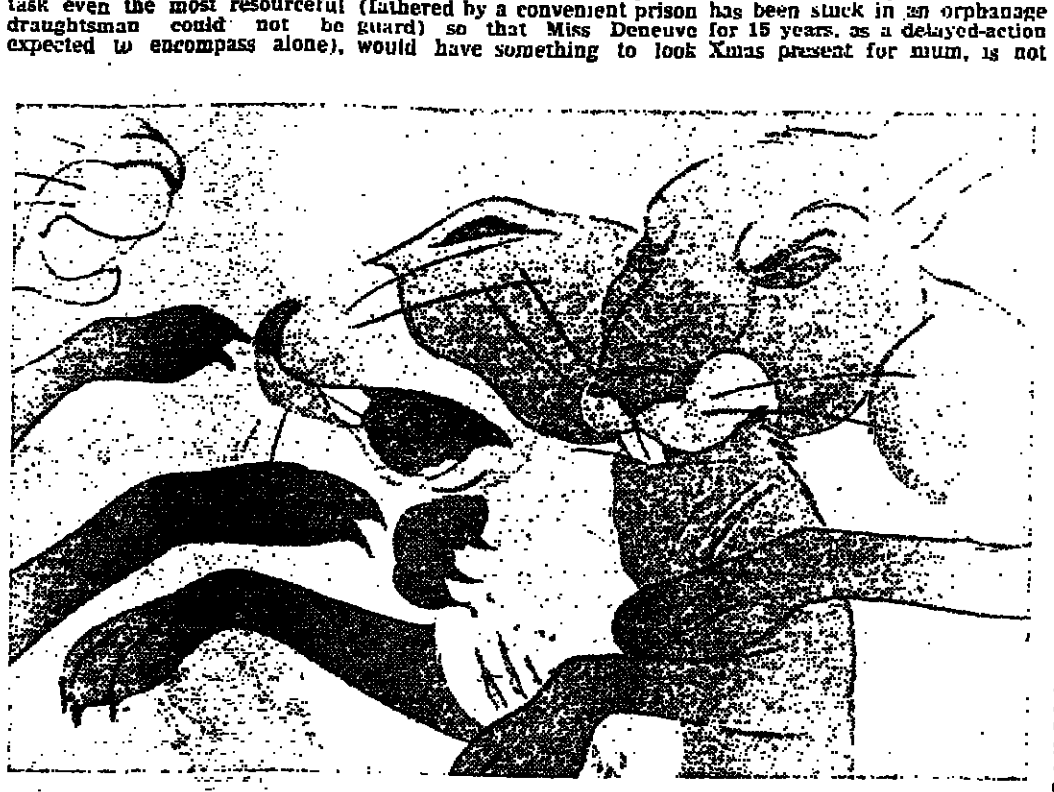
Watership Down is one of the best animated feature films since the heyday of Disney. I cannot vouch for its fidelity to Richard Adams's best-selling story of rabbit life, not having read that opus: but apart from one or two problems in following the plot, due no doubt to the concertina'ing of detail required by reducing a 480-page book to a 90-minute film, the story seems to have slipped easily and delightfully on to the screen.

Animals can be either charming or embarrassing when anthropomorphised, according to treatment. The strength of *Watership Down* is that it does not sacrifice the harsh realities of life to an all-embracing cuteness. Cuteness is certainly there, in the quaint rabbit expressions, and in the high-pitched human voices issuing ventriloquially from the rabbit mouths. But so is nature, red in tooth and paw. And ironically, there is a far more vivid sense of the epic struggle for life here than in the week's all-human, live-action drama of survival (see paragraph 10) *Shipwreck*.

The story, for those who know it not, concerns a small breakaway group of rabbits who leave their warren one day when "Fiver," their resident psychic, predicts an imminent disaster if they stay. (A wooden notice above-ground—Greek to them of course—informs us humans that the land is bought for redevelopment.) We follow them on their search for a new home, and through the dangers they encounter on the way: including cats, dogs, humans and a prolonged battle with a hostile rabbit group led by the vicious dictator General Woundwort. Only on defeating him does our heroic band find true peace and happiness in their new warren on Watership Down.

The film is remarkably beautiful to look at. It may be a fantasy-eye-view of the English countryside, more green, rolling and idyllic than the real thing, but there is a lovely variety of colour and texture in the drawings, and a sweep of line exceptionally sensitive for an animated feature. In addition, that virtually lost cartoon art of 3D-effect perspective—in which foreground details move past the eye quicker than background to create depth—is used here to magical effect.

The voices at first irritate with their familiarity: Richard Briers, John Hurt, Roy Kinnear and Denholm Elliott being among the well-known British thespians chosen to impersonate rabbits. But the instant vocal identification does help to distinguish the animals one from another (a task even the most resourceful draughtsman could not be expected to encompass alone), and in some cases—Ralph Richardson as Chief Rabbit, Harry Andrews as General Woundwort — the resonant theatrical voices are both funny and fitting. A warm ovation, then, to Martin Rosen, the film's American writer-producer-director. Ditto to chief animators Tony Guy and Philip Duncan. And an anticipatory welcome to the next animated Adams adaptation to reach the screen, promised us by Rosen, *The Plague Dogs*.



Nature, "red in tooth and paw": a scene from Watership Down

A second chance to see Claude Lelouch's *Second Chance* is not something I would knowingly have taken. However, it sometimes comes to pass that one appears at a Press show for a foreign film retitled in English, and realises too late that one has seen it before. This Lelouch film is a stinker. I first made acquaintance with it a year ago at the San Francisco Film Festival, where it was sneak-previewed by the director himself in company with its star, the lovely Catherine Deneuve.

Miss Deneuve plays a chic lady convict emerging from a 15-year prison sentence (for complicity in a murder) and meeting, for almost the first time, her son. The said son was expressly conceived and born in prison (fathered by a convenient prison guard) so that Miss Deneuve would have something to look forward to when she came out: Miss Deneuve making sure, with the help of an obliging lawyer (Charles Denner), that the boy has been kept in an orphanage and in ignorance of his mother's identity until her release.

Mother and son meet (she still not revealing who she is), cat-and-mouse games are played with each other's identities, and finally Miss Deneuve reveals the truth. Or rather not finally at all, for the film meanders on interminably, dragging in several more subplots and major characters — notably Anouk Aimée as an old prison chum—until one wonders if it will all ever end.

The film is shot in a dizzy golden glow, every window bursts with diffused radiance (courtesy of a vaselined lens) and the whole subject is so washed and sanitised that all resemblances to real life become purely coincidental. Miss Deneuve looks lovely throughout — not least when leaving prison — and Anouk Aimée steals the last section of the film with so much cutesy overacting that one wishes she would put it back. It is typical of the film's rampant narcissism that the dilemma of the poor child who has been stuck in an orphanage for 15 years, as a delayed-action Xmas present for mum, is not touched on at all. But then as one remembers from *Un Homme et Une Femme*, Claude Lelouch is quite ready to sacrifice the happiness of minor characters — in that film he simply killed them off — in order to keep his hero and heroine on Cloud Nine.

When is a shipwreck not a shipwreck? When it happens on an icy stretch of the studio tank, and precipitates its characters into what looks more like a low cost Thomson's holiday for five than a survival test in coldest Alaska.

A young father, two daughters, a female reporter (where would the cinema be without female reporters?) and an 11-year-old black stowaway are cruising around the world when their yacht is wrecked on a piece of rock. They are, by a happy coincidence, only three or four feet from the shore. They discover the said shore to be in that part of Alaska where Kodiak bears roam, caribous snooze and huge moose are loose. They suffer through terrible storms and hunger and cold; but their spirits never wilt. Nor do their appearances. The female reporter has a coiffure as resilient as Miss Deneuve's and you would not believe how much mauling a man (the father) could take from a 10-foot bear while still remaining as agile as Errol Flynn.

Writer-director Stewart Raffil made that enjoyable (and popular) adventure yarn of yesteryear *When the North Wind Blows* and this film has the same al fresco exuberance. It obviously *was* made on location (storm-at-sea sequence apart). But, unlike *North Wind*, it casts its believable setting on the rocks of a ludicrously unbelievable plot. Long before the Nth Kodiak and the umpteenth thunderstorm have wrought their worst, one has ceased to worry for the welfare of the characters, who are obviously in the care of the Hollywood Happy Ending Corporation.

Pardon Mon Affaire, Too is a mixed-language pun on *Pardon Mon Affaire Two*. Speaking as one who did not see *Pardon Mon Affaire One*, I cannot too little recommend this sequel. The French cinema has been spending the last few weeks hurling dreadful comedies in our direction. I am still smarting from *L'Hotel de Plage*, and this is, if anything, worse. The adventures of four middle-aged Parisian roustabouts — Jean Rochefort, Guy Bedos, Victor Lanoux, Claude Brasseur — and their assorted marital infidelities are recounted for us by writer-director Yves Robert with the tenacious, fixed-eye hilarity of a party bore. Jean Rochefort, his face gaunt and dignified, his moustaches twitching like antennae, somehow manages to rise above the mediocrity. But the other stars do not; and the sequences depicting our lovable quartet's noisy weekends at the country house they have bought, discovering too late that it adjoins an airport, are an object lesson in how to hammer a thin, blunt joke into the ground.

You will spend your time more profitably in the coming week at the ICA. A short season entitled "The Other Australian Cinema" introduces you to some of the best of the lesser-known films from that country's newly flourishing film industry. Watch out particularly for Peter Weir's *Homesdale*, Phil Noyce's *Castor and Pollux* and Ken Cameron's *Out Of It*.

Leonard Burt

Gerald Flood and James Bolam

Ambassadors

Who killed 'Agatha' Christie?

by MICHAEL COVENEY

Half-way through the second act of Tudor Gate's dismal "thriller" a white-haired lady left the stalls. Perhaps it was the ghost of Dame Agatha expressing disapproval in the appropriate way. It made sense. Until then I had searched desperately for clues, even resorting to the corny game of anagrammatising the author's name. The plot implicates a disgruntled thespian, John Terry, confronting an unkind dramatic critic (what paradox is here?), Arthur, alias Agatha, Christie, with live sound-recorded evidence of his wife's adultery with Agatha's boyfriend. On tape, heavy breathing. The author's name, doodled carelessly on my programme, reads O GREAT STUD.

Was the playwright addressing us deviously in the guise of a raunchy voice-over? If so, he left a lot to be desired, despite keeping it up with Mrs. Terry for about 55 minutes. Mr. Terry's anguish stems, apparently, from the fact that he has not been recognised by the critics as one of the world's leading dramatists, even though his despised farce, *Do You Take Sugar, Darling?*, has been played all over the world. He has trapped the luckless Christie in an Earls Court apartment in order to exact revenge. He is in the guerrilla vanguard of John Osborne's Playwrights' Mafia, eschewing the playful punch on the nose technique for a concerted attack of psychological warfare.

It is quite apparent that Mr. Gates has never met a theatre critic, loading his dice unfavourably in Mr. Terry's direction by labelling the poor man Canadian, homosexual, alcoholic and university-educated. There is a limp attempt to equate Christie's rise to power with that of Kenneth Tynan on the *Evening Standard*, but the effort, apart from being as libellous as it is absurd, is woefully unresearched. The Oxbridge connection with current dramatic criticism is not as strong as Mr. Gates would have us believe, nor is he correct in suggesting that David Frost and Jonathan Miller attended the senior institution.

Gerald Flood babbles and burbles away as the theatre critic, playing attendant for the most part on what is actually a superb performance by James Bolam. Mr. Bolam's triumph is to restrict the rush to the exits until after the curtain calls, an achievement that is no mean feat unless it supposes that most of us sitting there are mean with our feet. The director is John Dove who, quite obviously, cannot be taken as seriously as he would wish from this day on.

Theatre Upstairs

The Slab Boys

by B. A. YOUNG

From the Traverse, Edinburgh, John Byrne's splendid rough comedy about the workers in a Glasgow carpet-factory makes a welcome appearance at the Theatre Upstairs, and I am glad to echo the praise Michael Coveney lavished on it in these pages in the spring.

The slab room is the department where colours are ground for use in the carpet designs. The slab boys are youngsters who work at this tedious task while they wait for better jobs higher up. It is important to remember that they are not unskilled workers; they are engaged because they show some talent for design, but it is hardly surprising that when they spend their days smoothing colour on a hard board with a spatula they are liable to spend a good deal of time playing the fool.

The play shows a day in the slab room, and the strands of plot, though absorbing enough in themselves, are little more than frames in which to exhibit scenes of characteristic behaviour. This is hardly a typical day, more like a collection of everyday events — Alan joins straight from public school, Phil fails to qualify for art school and his mother escapes from the mental home where she has been sent, Hector, the butt of all the horseplay, gets promoted after some foolery with his clothes, Spanky is generally nice to everyone.

The characters are cunningly anatomised, and played in almost incomprehensible Glaswegian by a company that brings them vividly to life. Jim Byars, Pat Doyle and Billy McColl are the three slab boys, and there is uniformly good playing in other parts. The slab room itself with its gay hints of colour is a telling design by Grant Hicks, and the admirable direction is by David Hayman. I can't recommend the play too highly; it is human and funny. But it is only fair to say that the Glasgow talk is not always by any means easy to follow.

St. John's, Smith Square

Rozhdestvensky

by DOMINIC GILL

Wednesday night's was the first of seven concerts to be given by the BBC Symphony Orchestra at St. John's between now and the end of March — a widely ranging series, under various conductors, of vocal and orchestral music from J C. Bach and Beethoven to Shostakovich and Weill. All but one of the concerts (Berlioz's *L'Enfance du Christ* in December) contrast works from the 19th and 20th centuries, and in yesterday's programme, which also marked Rozhdestvensky's debut with his new orchestra at St. John's, music by Webern and Schubert was both contrasted and combined.

The combinations were arrangements by Webern, of five Schubert songs for voice and small orchestra—an early homage, done in 1903, but first publicly performed only 12 years ago in the U.S., and for the first time in this country on this occasion. They are respectful arrangements, sensitively made; and some work better than others—the sighing suspensions of "Thränenregen" from *Die schöne Müllerin* are poignantly sustained by wind and strings: but for "Der Wegweiser" from *Winterreise* no instrumental combination could ever be more effective, dark and austere than the original piano accompaniment.

Jill Gomez was the soprano soloist, sweet and smooth in voice, but curiously unresponsive to the changing moods of the sequence—it was a little strange to hear "Der Wegweiser," Ruckert's "Du bist die Ruh," "Ihr Bild" from *Schwanengesang* and the lovely Romanze from *Rosamunde* all sung as if they were part of the same light-mannered divertimento.

The first symphony, real Schubert, prefaced by a lively account of the little *Nachtgesang im Walde* for male voices and four horns, ended the evening—which had begun with real Webern: the tiny but fiendishly tricky *Symphony for Small Orchestra* op.21, enthusiastically but raggedly given by the BBC players, for all Rozhdestvensky's brilliant ballet of cues.

Théâtre des Champs Elysees, Paris

The Queen of Spades

by CLEMENT CRISP

The characters that Mikhail Barishnikov presents on stage always have a poetic resonance. This is in part a result of odd conflicts in Barishnikov's gifts: the physical appearance of a youthful dreamer, which suits Albrecht or Romeo so well, can shift to reveal something far tougher; the figure which in repose may look almost unassuming explodes with uncanny speed into the heroic shape of the dancer in action. This unpredictable aspect of Barishnikov's art—hinted at very early on in the Jacobsen *Vestris* sketches which he danced in Russia—allied to the dramatic skill which is as satisfying and amazing as his technical prowess, achieves a remarkable fusion in the role of Hermann created for him in Roland Petit's *Queen of Spades*, premièred in Paris this week.

The central figure of Pushkin's tale, Hermann is an obsessive character. He is an opportunist, but also a man trapped by his fascination with gambling. In this combination of anti-heroic qualities he can yet seem even more a hero since he is doomed from the very start by his nature: the cards are literally and metaphorically stacked against him. Between them Petit and Barishnikov—and I insist upon the partnership since the role is clearly the result of mutual inspiration — have created a figure of rare emotional and theatrical force. For his narrative, Petit has turned to Pushkin. For score he uses a workaday arrangement of sections of Chaikovsky's opera, but the ballet's six scenes (which run for roughly an hour) otherwise owe nothing to the composer.

The ballet is conceived, naturally enough, as a tribute to Barishnikov, but it is no mere pyrotechnic display. Indeed, Petit has been at pains to avoid the exhibitionist aspects of Barishnikov the dancer. He is concerned with Barishnikov as an artist of gifts not fully realised in the West, and this at a time when Barishnikov himself seems at a crucial moment in his career. His decision this summer to quit American Ballet Theatre in order to work with Balanchine and the New York City Ballet, to foreswear the "artist as virtuoso" identity imposed upon all male dancers whose technique outpaces average competence, is a move that appeared to be imposed by an instinct of self-preservation as well as a quest for self-realisation. Like those who live by the sword, the dancer living by leaps and beats will perish by them as soon as his musculature starts to fail.

Barishnikov is far more even that the classic exemplar of our time. In many of his performances — even the most overtly dazzling—it is the dramatic rather than the virtuosic that excites our greatest admiration by virtue of the use to which he puts technique. Yet by the purity and grace of his dancing he must thrill us—and this on terms grander than those of high-leaping excellence—and his move to NYCB may be seen as a return to a pure source of academic dancing, that classical life-blood which he shares with Balanchine through their common Leningrad heritage. Never the less, the problem he faces, if I may call it such, is one particular to male dancers who are still expected by their public to soar rather than to interpret. (It affects ballerinas far less: there is a women's lib in ballet which male dancers are denied.)

Thus Hermann must best be understood as an exceptional dramatic role created for an exceptional dramatic dancer. That it is sustained and illuminated by Barishnikov's physical genius is but one aspect of the part—rather in the way that David Wall's creation of Rudolf in *Mayerling* demands prodigies of muscular power merely to provide the ground-base for a superlative dramatic impersonation. (It would, incidentally, be fascinating to see Barishnikov as Rudolf, as it would to see Wall as Hermann.)

The action of *The Queen of Spades* is placed in an admirably realised fantasy setting by Andre Beaurepaire—a curtain in which playing cards and the columns of Petersburg's architecture are seen in a vertiginous whirl. Against this a few properties: gaming table; chandeliers for a ballroom; screen, looking glass and chair for the Countess's rooms, serve to indicate locale. In the swift telling of the tale, and Petit's theatrical craft has never seemed surer, we see Hermann's descent into madness. We meet him first, white uniformed and brown cloaked, move into a spotlight, with a walk already indicative of character by its odd accents, quick changes of direction. His obsession with cards and with the Countess's secret, his assumed passion for Lise (the delightful Evelyne Desutter) are presented by Barishnikov with a depth of understanding and a mysterious sympathy that find expression in a movement language of real originality. It demands all of his great physical gifts, but the conventional attitudes of academic classicism have little place in it. Barishnikov's trunk is contorted as he leaps; at one moment his arms extend as if he is walking a tight-rope over a precipice. In what is, for me, the finest scene in the ballet when he pleads with the Countess for her secret, his body flies, poised rigid in the air, then plummets at her feet in supplication. Apart from a gentle manner which he adopts in treating with Lise, Barishnikov's playing has an hallucinatory quality: Hermann is pursued by a demon, and the flash and passion of his dancing tell us everything about the man's unquenchable fever.

Our final view of Hermann is of the broken figure crouched on the stage as the light fades, aimlessly slapping cards onto the ground: Barishnikov has shown us how every feeling has been burned away save the core of Hermann's being—his gambling fever.

The role is a glorious one, owing everything to a vivid response that must have existed between creator and instrument. It can with some justice, I feel, be considered a joint achievement. The ballet itself is rather less glorious. Inevitably its initial premise was as a vehicle for Barishnikov, yet Petit is an accomplished coach-builder, and he has produced a work of elegance, excellently danced by his Ballet de Marseille. The serious flaw lies in the role of the Countess. Petit has cast it not for a character actress/dancer, but for a ballerina, and it is taken by Jacqueline Rayet, étoile of the Opéra. Despite grotesque make-up, it is an impersonation lacking the essential magnetism that must make the old woman an obsessional figure for Hermann. Worse still, in the boudoir scene, the Countess's night-attire indicates all too clearly the body of a young woman (it is supposedly 60 years since Paris had known the Countess as *La Vénus muscovite*). The interpolation of a recording of the Countess's aria sung as an accompaniment to her dance (and a flat piece of choreography it proves) breaks all the dramatic tension in an unnecessarily lengthy interlude. In the elided time-scale of the ballet, the Countess can exist only as a symbol of the success at cards that Hermann desires with all his soul.

Mikhail Barishnikov

Festival Hall

Annie Fischer

by NICHOLAS KENYON

Few themes are more familiar to every music-lover than the two pounding bars of E flat which begin the finale of Beethoven's "Emperor" Concerto; yet how many pianists are there who can actually make musical sense out of that extraordinary dislocated arpeggio? Annie Fischer can, and did on Wednesday, exploding into the phrase from a quiet yet perfectly simple pre-echo, and relaxing out of it into two dancing bars of B flat and an expressive but energetic chromatic pendant.

It is a rare pleasure these days to hear piano playing which combines strength with beauty: Miss Fischer manages, by using every joint in her arm with maximum flexibility, to dig powerfully into the keys (her wrist often falling right below the keyboard), thus creating a deep, singing tone in both *fortissimo* and *pianissimo*. An old-fashioned sound, but after hearing it used with such dignity and grace as Miss Fischer brought to the sublime slow movement of the "Emperor," who could not regret its passing? Even the most violent staccato octaves of the opening Allegro had resonance and warmth and a sense of line.

The performance was not altogether secure. Miss Fischer must have been playing this concerto for some 45 years now, but she can rarely have been faced with an accompaniment of such insensitivity, imbalance, unco-ordination and downright ineptitude as that provided by the London Mozart Players under Harry Blech. But for those who like the London Mozart Players (and there were some 3,000 of them in the hall), this—and the rest of the evening of Haydn, Mozart and Chaikovsky—is presumably the sort of thing they like.

FINANCIAL TIMES

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Friday October 20 1978

The right priority

IN THE year that has passed since the pound was allowed to float upwards, after the vast inflow of 1977, it has become clear that the Government has ceased to be enchanted with the pursuit of a so-called competitive exchange rate—the policy which came near to catastrophe in 1976. There are occasions, however, when words can speak louder than actions; and it was not until the Mansion House speeches last night that a senior minister made it clear that a stable pound is not a happy accident, but a central aim of economic and financial policy. Unions and employers who are living in the past, and imagine that they will be baled out if they price themselves out of their markets, have been put on clear notice: the Government means to resist.

Promise

The Chancellor's words contained no saving clause at all. "If earnings grow too rapidly over the present pay round, the fiscal and monetary policies to which we are committed are bound to slow down growth and raise unemployment. It would be a tragic reversal of all our hopes. But it would be unavoidable. Output and unemployment would suffer more if we surrendered to inflation." A stable value for sterling, which would be a still firmer commitment inside a European Monetary System, was presented not as a threat but as a promise: "Our first duty as a potential member of any such system is to pursue our own fundamental national interest."

This political commitment, supported firmly by the Governor, is profoundly welcome. It has come rather late in the day to influence the present pay round, but fundamental political changes are slow, and it was necessary to achieve stability before proclaiming it if the aim was to be credible.

It does not, however, mean that there is now no difference between the political parties on anti-inflation strategy. For the Conservatives, a firm commitment to monetary and fiscal restraint is a self-sufficient policy. For the Government, it provides the rationale for an incomes policy. This is for two reasons. First, the Chancellor explained that he rejected the "callous" philosophy of waiting until the growth of earnings is checked by rising unemployment and falling sales; the Government would continue to strive for an agreed policy which would bring down the growth of earnings to a responsible level and allow growth to continue. Everyone will sympathise with this aspiration, if the political price for enlightened self-interest is not excessive; but it looks at the moment as if it will remain nothing but an aspiration.

The possibility that consensus on pay has irretrievably collapsed gives added point to the Chancellor's second argument: incomes policy impresses financial markets, and so makes it easier both to stabilise the exchange rate and to control the money supply through adequate funding.

This view, which has long been an important strand in Treasury and Bank of England thinking, unfortunately has a corollary: a wage explosion may make it very difficult to hold the exchange rate or to sell adequate stock. In the extreme, this view suggests that the unions could have the power to smash the Government's financial policy as well as its incomes policy, and achieve monetary inflation by an assault on financial confidence. This is not the intention on either side, but present techniques do result in what looks at times dangerously like fair-weather monetarism. The Chancellor's hint that further innovations are possible is therefore of the greatest importance.

It is to be hoped that the authorities will not think it necessary to wait until a crisis has blown up to make their intentions clearer. The Government's present, and correct approach to checking inflation rests on influencing beliefs—in short, on credibility. That will further be strengthened if any new means of achieving official financial targets in unfavourable circumstances is announced in good time.

Meanwhile, the markets will judge official resolve by what has been achieved so far, and on how policy develops. The latest money figures are good, but as both the Chancellor and the Governor admitted, they are distorted: the underlying rate of monetary growth is probably nearer to 9 than to 6 per cent. This is still too fast if convergence on German performance is the aim, and the next target announced in three weeks, should be more modest, as the Governor suggested.

Insider dealing Bill worries City

BY RICHARD LAMBERT, Financial Editor

A DEBATE which has dragged on for at least a decade is likely to reach a climax in the next few weeks with the inclusion in the Queen's Speech of proposals to make insider dealing in company securities a criminal offence. Draft clauses have already been published in the White Paper "Changes in Company Law," which appeared in July, and it is quite possible that a bill could be introduced at an early stage in the next session.

Demonstrating its traditional touch for political affairs, the City has been badly wrong footed by this prospect. July's White Paper was largely ignored on the grounds that an autumn election would make it irrelevant. Only in the last few days have the reactions of various interested parties — often hastily written and in draft form — started to cascade into the Department of Trade.

These show that support for legislation is much less general than seemed to be the case when the debate appeared to be about theoretical possibilities rather than practical probabilities. There is widespread unease about the impact which statutory controls could have on the often delicate relationships between companies, management and shareholders.

In his first speech on the subject since it became a live issue, Trade Secretary Mr. Edmund Dell is likely to take a conciliatory line when he addresses a meeting of Liverpool accountants today. The Government wants to continue the process of consultation both before and after the bill is introduced. It recognises the concern being expressed by company directors, investment analysts and others, and is keeping an open mind about the possibility of modifying its original ideas.

Yet refinements are one thing: radical changes are another. The main thrust of the July proposals is likely to remain unaltered, and so it is already possible to identify the main issues at stake.

● Is legislation appropriate in the first place?

In 1973, the Takeover Panel and the Stock Exchange stated that insider dealing, properly defined, should be made a criminal offence. And earlier this year, the Stock Exchange told the Wilson Committee that the problem "extends beyond the area which can readily be the subject of voluntary non-statutory regulation."

The further the self-regulatory bodies attempt to extend their authority beyond the City, the weaker they become. If the Takeover Panel tells a merchant bank to jump, it jumps. But its job is much harder when it has to deal with people who don't know the rules, and are not particularly interested in playing the game.

● But is it possible to define laws which catch villains without penalising the innocent?

In the view of the Council for the Securities Industry, the City's new self-regulatory overlord, "experience suggests that the formulation of a criminal offence on this subject presents great difficulties if desirable activities are not to be frustrated." Mr. Nicholas Goodison, chairman of the Stock Exchange, believes that none of the legislative proposals so far produced has been adequate to the task. And Mr. Edgar Palamountain, chairman of the Unit Trust Association, has come round to the view that the risks of ill-defined legislation are so great that it would be worth having one more try at dealing with the problem without introducing criminal sanctions.

Conservatives not opposed

These worries are not confined to the City. The Conservative Party, although not opposed to legislation in itself, is also worried about the problems of definition. And Mr. Harold Lever, Labour's Chancellor of the Duchy of Lancaster, said in 1974 (in opposition) that he was "more frightened of the doctor than of the malady of insider trading."

However some leading City figures, while sharing this general concern, feel that the dangers are worth accepting in order to demonstrate to the outside world that the City is not a conservation area for sharks. The Government's view—as expressed a year ago in the White Paper "The Conduct of Company Directors"—is that "it will not be possible to produce a perfect answer to the problem," but that the introduction of criminal sanctions will be sufficient in most cases to deter those who are tempted to use inside information for their own personal gain.

● Should insider dealing be a criminal or a civil offence?

In the U.S., despite all the efforts of the Securities and Exchange Commission, the number of fully litigated criminal actions against insiders can be counted on one finger. But there have been plenty of successful civil actions, as a result of which insiders have been forced to hand their ill-gotten gains back to their victims.

On paper, this process of "disgorgement" seems an attractive answer to the problem. But there are a number of reasons why it might not work in the UK. First, the climate is quite different from that in the U.S., where class actions by shareholders seeking compensation are commonplace. Lawyers work on a contingent fee basis, and losers do not have to pay costs.

More fundamentally, in the UK it would be very difficult where transactions in quoted securities are concerned to track down the injured party who would bring the civil action. It is not possible in the London stock market system to say precisely who bought what from whom.

Could the company itself be deemed to be the injured party, and entitled to the proceeds of disgorgement? Hardly. Since it is not allowed to deal in its own securities, any such money would be strictly a windfall. That could lead to all kinds of anomalies—where, say, an insider dealt in the shares of a company in which he controlled 80 per cent of the equity, and ended up by effectively paying most of his profits over to himself.

● What is inside information?

The definition, lifted directly from the Conservative proposals of 1973, is information which "is not generally available, and which would, if it were so available, be likely materially to affect the price" of the relevant securities.

This is one of the points about which there is most unhappiness in the City, since it seems to some people to threaten at best a reduction in the flow of information from companies and, at worst, the threat of criminal prosecution for investment analysts.

What matters, it is argued, is whether the information is confidential to a company. There is all the difference in the world between a company chairman giving an outline of future policy and leaking confidential information about a specific subject.

The official view, however, is that confidentiality is a highly complex doctrine which it would be impossible to define in terms of criminal law. If someone asks a question and gets an answer, then that information can almost always be classed as "available." When this is clearly not the case, it will be up to the people concerned either to disclose the information, or else not to deal.

Reasonable attitude

That seems a very reasonable attitude. But as with other clauses in the White Paper, the key question is whether there is any certainty that a judge in five years time will take a similarly relaxed line. So it may be worth thinking of ways of narrowing the definition on U.S. lines, by requiring the information to be specific, material, not available to the public, and capable when generally known of having an immediate and substantial impact on a share price.

● What will be the position of directors and employees who own shares in a company for which they work?

This is likely to be the issue which generates the most heat in Parliament and from the CBI. According to the White Paper, anyone in possession of inside information—whether received directly or indirectly—is an insider. Company directors are almost bound to be in possession of inside information for a good part of the year. The fear is that this will effectively debar them from owning shares in their company—and that, everyone agrees, would be most undesirable.

Supporters of legislation start from the assumption that directors should, other things being equal, be long term holders in their company's shares rather than active dealers. That being so, they may be able to build up or liquidate their investment through company schemes or private treaty. If not, they will simply have to be extra careful when buying or selling shares that they are not abusing their position.

There seems little point in trying to build a "safe period" into the legislation in which directors would be free to do as they like, since that freedom would still have to be qualified in some way. Also there is an important let-out clause in the White Paper, which allows insiders to deal if they are not doing it with a view to making a profit or avoiding a loss.

What this means is, for instance, that if a director is being pressed by his creditors he will not be prevented from selling his shares by the fact that he has inside information.

All the same, the proposals would be almost bound to have an inhibiting effect in some cases. Directors of ICI and BP—large companies, actively dealt in, followed by armies of analysts—would not have to worry. But for directors of Warrington Widgets, it could be a different matter.

● What will be the position of an institutional shareholders seeking to build an active relationship with a company?

Here the proposals are clearly better than the 1973 bill, since responsibility is pinned directly to the individual. This means that the Pru will still be able to deal in the shares of a company, even though one of its executives may have access to privileged information — provided there is an effective wall between its corporate finance and investment departments.

On quibble, though: anyone holding 5 per cent or more of a company is classified as an insider. This seems unreal and unnecessary.

Ashley Ashwood

Trade Secretary, Mr. Edmund Dell: likely to take a conciliatory line.

● Who are "tippees"—and how far can the chain of tips extend?

The issue here is whether casual conversations at the golf club are likely to lead to Wormwood Scrubs. Individuals do not have to be connected directly with a company in order to be an insider: they merely have to receive inside information knowing it to have come from the horse's mouth.

Considerable problem

"Psst—fill your boots with Flashman Finance" is not the kind of advice that is going to get anyone into trouble. But; "Fill your boots with Flashman Finance because my brother, the chairman, tells me there is a bid coming tomorrow" could be another matter.

This is one of several points which will only become really clear if and when some kind of case history is established. On the face of it, the problem of proving that a tippee had inside information would appear to be considerable.

● What would be the impact of legislation on the various self regulatory bodies?

Mr. Goodison is worried that it would make the Stock Exchange's investigative work more difficult than it is at the moment if the collection of evidence from its members becomes subject to possible legal procedures. The Takeover Panel is noticeably more enthusiastic—but then it starts from a rather different position.

First there is little room for doubt about what is inside information in the cases with which it is involved. Secondly it is more likely to be frustrated under the existing system than the Stock Exchange, since it is more frequently up against people who are not part of the City establishment.

The one thing that is clear is that if legislation comes, the Department of Trade will have to rely on the Stock Exchange to do the spade work. The Stock Exchange will probably run into a wall of silence at an earlier stage of its investigations than it does at present. If it has reason to believe that an offence has been committed, it will have to pass its evidence on to the Department.

The big unknown is whether the official inspectors will then be able to resolve the case more effectively, quickly and fairly than can the Stock Exchange itself.

These are some of the issues which the Council for the Securities Industry will be tackling today when it meets to debate its response to the White Paper. There are others—notably the position of trustees, who could face serious conflicts of interest under the legislation, and a number of potential anomalies which could arise on the takeover front.

At the moment, its members are split between those who think that the proposals are broadly right but need refining, and those who believe that nothing but a complete rethink will do. If it comes to the crunch, however, it is difficult to see how the Council could reject out of hand legislation along the lines of the White Paper.

Catalogue of disagreements

THE JOINT statement issued yesterday by the South African government and the foreign ministers of the five western powers may succeed in postponing an open conflict between Pretoria and the United Nations. But it gives no reason for supposing that the profound differences between South Africa and the international community over the future of Namibia/South West Africa have been resolved, and little reason for supposing that they will be resolved.

Indeed, although it was a "joint statement," the document in question consists mainly of a catalogue of differing points of view. The only element of agreement is that there should be further consultations with the UN Secretary General, and it is this, and only this, which makes it likely that the UN Security Council will be able to postpone a rupture with South Africa over Namibia when it holds its scheduled meeting next Monday.

Consultations

These consultations may, if they are permitted by the Security Council to go ahead, lead to some sort of compromise on one element of the UN plan for Namibian independence—the size and composition of the UN supervisory force. The South African government has objected to the proposed size of the force—7,500 men—and gave this as one of its reasons for rejecting the UN plan last month. But Pretoria started to modify its stand on this issue even before this week's negotiations with the western powers, in response to further explanations from the UN that only two thirds of the force would be armed.

On the central issue of elections in Namibia, however, the joint statement is merely a textual record of continued disagreement. The South African government is still insisting that elections will be held under its own auspices early in December; the western powers say such elections would be irreconcileable with the UN plan, and would thus be regarded as null and void.

To be fair, the South African government professes to be willing to see a second round of elections next year, under UN auspices; the details of the UN-sponsored elections would be the second major topic of consultations with the UN Secretary General. Yet the text published yesterday shows that the South African position is riven with so many contradictions and inconsistencies, that it is difficult to be confident that Pretoria is genuinely prepared for UN sponsorship of independence for Namibia.

On the one hand, South Africa wants an irrevocably fixed election date, regardless of whether there has been an effective ceasefire in the guerrilla warfare against the South West Africa People's Organisation (SWAPO). On the other hand, the government has fudged its own attitudes towards UN-sponsored elections, by refusing to pre-empt the results of the internal election; the most it will say is that it will use its best efforts to persuade the leaders elected in December to "consider ways and means of achieving international recognition."

The South Africans cannot have it both ways. If the December election is merely "an internal process" designed to elect leaders, then responsibility for deciding on the road to independence will continue to lie in Pretoria, not in Windhoek. That responsibility is mandated to South Africa by the United Nations.

The root of the problem is that the South Africans are determined to prevent Namibia being controlled by SWAPO. Their mistrust of SWAPO will not evaporate unless the UN can organise a ceasefire and supervise peaceful political processes in Namibia. Even then it may not do so, but this is the strongest argument for further consultations. The question on which the Security Council will have to make up its mind is simple: are the South Africans starting to be more flexible, or are they just playing for time?

MEN AND MATTERS

The player buys the stage

It is rare for an impressario to sell one of his most prized possessions to a star he has put on the stage, but it happened in London yesterday when Peter Saunders, who brought The Mousetrap to London, sold the Duke of York's Theatre to the company chaired by the first star of the Mousetrap, Sir Richard Attenborough.

The company is the exuberant Capital Radio. It is becoming "as involved as possible with the arts within the community it serves." Attenborough tells me, pointing to the radio group's Wren Orchestra and sculpture exhibitions in Hyde Park as proof.

The theatre itself is 80 years old. It staged the first performance of Peter Pan and had the 15-year-old Charlie Chaplin in a bit part as a messenger boy in Sherlock Holmes. It also mixed successes with the notable failure 13 to Dinner: that found that its first night was also its last.

The theatre had three open coal fires in the auditorium when it opened, a point which would send shivers up the spines of to-day's safety inspectors. Capital are saying that rebuilding work will cost under £250,000. But one outsider who knows the problems and costs of renovation and moving internal pillars which obstruct views throughout the auditorium believes that the eventual bill could top £600,000.

Despite this Saunders insists that Capital has a "wonderful, wonderful bargain." Though neither party would talk figures yesterday, a chat with one of the 12 groups which had been interested revealed that the 650-seat building had been on the market for around £450,000.

Why was Saunders making such a "bargain" available? "If I were twenty years younger nothing would have made me sell," says Saunders, "but I'm a one-man band and if anything happened to me my executors would have to put the freehold on the open market. That could lead to the theatre being used for other forms of entertainment."

That prospect seemed to appal the impresario, a man who includes in his recreations the Music of George Gershwin and telephoning. But he says that he rejected large bids from property developers and overseas buyers as Capital have agreed to a stipulation that the Duke of York's will permanently remain a live theatre and not house Saunders' pet aversions "strip shows, a cinema, or a TV studio."

Catching crabs

For many people a trip to the Channel Islands means a chance to enjoy sea food—but for a group of anonymous investors in Guernsey any mention of this subject is liable to make them turn an unpleasant colour.

Some years ago, the group decided to buy unusually large quantities of postage stamps when issued by the independent postal authorities of Jersey and Guernsey. The theory was that as, relatively speaking, very few stamps were produced they were certain to increase dramatically in value.

In some instances this happened. But our Guernsey group has found that what you gain on the swings, you are apt to lose on the roundabouts. For example, it bought an estimated 20,000 sets of Jersey "marine life" stamps issued in November 1973. Each set of four, depicting ormers (a species of uni-valve mollusc), conger eels spider crabs and lobsters, had a face value of 33p.

Had the Jersey Post Office issued only a few of the sets the group could have cornered the market. Instead it flooded the island with over 500,000—seven for each inhabitant. Their philatelic value has thus remained disappointing. All the same the island's post offices were somewhat taken aback to see advertisements recently offering 20 per cent off the face value of the marine life set for "big users." The dealer acting for the group explained that the investors were pushing their philatelic catch overboard in the only way left open to them.

In addition to the estimated 200,000 sets of Jersey "marine life" stamps made available in this way, the dealer also offered an estimated £11,000 worth of Guernsey stamps issued in January 1974. The subject? Lifeboats.

Guarding peace

While the British Government wrings its collective hands about unemployment the East Germans' big problem is the exact opposite—a desperate shortage of labour. For some time now their political watchword has been "productivity."

Some activities are of course hard to measure; for example—I would have thought—guarding the frontier with West Germany. But improvements in productivity have been remarkable in this area, according to yesterday's issue of Neues Deutschland, the Communist Party's newspaper. It reports that 2,000 "armed collectives" along the border achieved a rating of "outstanding" this year, 25 per cent better than last year.

Enthusiastic guards handed in nearly 2,000 suggestions which led to "greater effectiveness and higher efficiency in military training." Tantalisingly the Neues Deutschland does not go into detail, although the reported tribute of Lieutenant-General Erich Peter gives some guidance. Peter, commander of the border troops, praised the "fighting spirit and courage with which the frontier soldiers fulfil their obligations in socialist competition reliably to defend socialism and peace."

This I take to mean that the guards are adept at catching fellow citizens trying to escape, evidently vital at a time of labour shortage. It just seems a pity that so many people are occupied, productively or not, in guarding the frontier and the "anti-fascist defence wall" surrounding West Berlin. The East Germans are not keen on giving figures for the number of guards. Reliable estimates suggest it is 40,000.

Reconstruction

The Royal Castle is now complete. The first Polish building to be bombed by the Germans in 1939, it was razed to the ground during the Warsaw Uprising, initially it was not intended to rebuild it, but thanks to popular demand from Poles at home and abroad Warsaw is now the only capital in the world with a brand-new unoccupied royal castle. Coloured picture postcards of kings of Poland are on sale in kiosks in Warsaw. What next?

Keeping up

Better late than never. As the skateboard craze breathes its last the British Standards Institute plans to publish standards for skateboards and protective clothing in December, just in time for the first Christmas for years when practically no-one will be buying either.

Observer

FINANCIAL TIMES SURVEY
Friday October 20 1978

Office Relocation

With its Inner Urban Areas Act the Government has this year introduced a new element in the office relocation scene. While London's City and West End areas are still excluded, there is now to be a drive to revitalise the country's decaying inner cities. The question is whether it will meet with the necessary response from commercial companies.

OFFICE RELOCATION II

Major switch in official line

WHEN THE Location of Offices Bureau (LOB) was set up in April, 1963, the intention was to decant elsewhere some of the office jobs which were heavily concentrated in central London. Such a concentration, it was felt, created strains by accentuating the economic strength of South East Britain. These feelings intensified rather than lessened in its early years and when Labour took power late in 1964 and set up the Department of Economic Affairs it quickly instituted a policy whereby office development permits (ODPs) became necessary for any building over 10,000 sq ft in the South East.

That policy lasted until August last year when Mr. Peter Shore, Secretary for the Environment—concerned at the high level of unemployment and the decaying nature of so many of the inner parts of our major cities—launched his policy to overcome urban decay. As part of that policy LOB was given new guidelines. It was to seek to attract international concerns to this country and it was to promote office development in inner urban areas. The country, rather than just central London, is now the bureau's oyster.

Confusion

This switch has led to some confusion over Government policy. Both the Government and LOB have denied that this implies any reversal of policy and it is true that the inner core of London has been left out of the Government's strategy. Neither the West End nor the City is to be promoted any more in future than over the past 17 years. So far as London is concerned "inner" relates to those boroughs which roughly correspond to the old London County Council area but exclude the central core. The Government wants to stimulate office work in Lambeth or Hammersmith or Stepney, but it still draws a line at the West End and the City.

In one respect, though, the Government has left a question mark over the future role of the new towns. One of the features of post-war policy towards the regions has been the encouragement of the new towns like Bracknell, Peterborough, Peterlee and East Kilbride. Now that the emphasis has moved towards the protection of inner cities it is still not clear what role the Government expects of the new towns.

Those within the South East, for instance, still carry the albatross of office development permits. When Mr. George Brown was Secretary of State at the DEA in 1964 companies in this area wanting more than 30,000 sq ft of office space had to obtain an ODP. The intention was to encourage growth in the rest of Britain. But the policy has made life difficult for a new town such as Milton Keynes; that difficulty has become doubly burdensome now that inner city areas in Birmingham London, Liverpool, Newcastle, Glasgow and elsewhere are being developed. A case can be made out that the Government should as a matter of urgency solve the conflict between its new policy and its obligations towards the new towns.

On the whole the pre-1977 office strategy had considerable success. The LOB's statistics show that between 1963-4 and August last year 2,055 concerns moved out of London, taking with them 148,257 jobs.

Critics complain that this has denuded London of essential work but as Mr. Anthony Prendergast, chairman of LOB, said: "There has been a tremendous expansion in the office sector in London in the last 15 years. Until last August we were just baling out the boat. As fast as we were taking people out of London new jobs were being created. This is because the office sector is the strongest growing sector in the economy.

"We are now in the post-industrial phase of the British economy and we have a situation in London where there are six jobs available for every secretary."

The bureau has no power to force a company out of London (or correspondingly into any other city) and is at pains to point out that any company considering a move should only do so if it can prove beyond doubt that it will benefit from it. There are considerable grounds for making a move—job satisfaction, lower staff turnover, better working conditions—but it is up to each individual business to justify its decision.

Initially most of the companies moving from central London went to an outlying part. Croydon in particular captured a large part of this traffic, partly because of its excellent rail service into central London and partly because it capitalised on that service with an imaginative policy towards office building in the early sixties.

If encouraging companies to move to outer London could be considered as "phase one," phase two was inducing them to go even further out; those which took this step have tended to go west and south. Mr. Prendergast regrets the fact that some other parts of London were not as alert as Croydon and would have liked major centres to have emerged at other points of the London compass.

Gained

In phase two towns such as Reading, Swindon, Basingstoke, Cheltenham, Gloucester, Southampton and to some extent Exeter have all gained. With the change in Government strategy LOB is looking at towns such as these, evaluating how it might cater for their needs.

As in phase one the bureau places great emphasis on research. "We are evaluating all the towns of England and Wales," according to Mr. Prendergast, "to see if we can introduce a wider range of clientele to them. It is particularly important, for instance, that we do not send a potential company to a town where there is little hope it will find sufficient workers if it decides on a move.

"For instance, if we knew that a big government department was moving to a town we should be careful about recommending that town to a large multinational company because we know there would not be enough staff to go round and anyway the housing market would be stretched too tautly."

The multinationals pose certain problems because of their very size. Three, including Esso and Phillips, are looking for sites in London of at least 250,000 sq ft each. Such giant buildings do not come on the market frequently and while one, near Victoria Station, is in the process of being built there is still a shortage of the bigger buildings.

The reason for the continued interest in London by the majors is that the petrochemical companies have decided that it is the centre of the industry outside the U.S. for all operations dealing with Europe and the Middle East. In the oil world London is mid-way between the two Gulfs (Mexico and the Middle East)—hence its attractions. Such very big companies are unlikely on the whole to move far from central London and the Government, despite its change of strategy, would hardly stand in their way over obtaining an ODP.

Other foreign companies tend to want to find locations near airports. So the Gatwick area, Manchester and west of Glasgow are important because these places have the three intercontinental airports outside of Heathrow. In some cases, though, the bureau is asked to point out locations where air communication with Europe is quick; the range of possibilities is then broadened considerably.

If there is one overriding factor which has influenced the direction in which companies have moved in the past it is the building of the motorways. As the M4 has extended westward so companies have gone further out. Swindon captured a lot; then insurance companies like Eagle Star went to Cheltenham and the Ecclesiastical Insurance Office to Gloucester. The National Westminster opted for Bristol. With the completion of the M5 Exeter has benefited with the London and Manchester Insurance group opening in the city. The Zurich went to Portsmouth with 500 jobs.

Not all the movement has been south and west. In banking the Midland Bank opened a big office in Sheffield and Barclays in Knutsford. The big banks like to keep well apart since they are desperately worried about poaching, an attitude which does not seem to permeate the insurance companies which tend to congregate near each other.

There are signs now that the lull in lettings in Birmingham, still England's second city, is over. One survey has shown that over 300,000 sq ft of top space has been taken in the past 12 months and there is now a shortage of large units in the city centre. The Government must be well pleased with this indicator.

Anthony Moreton
Regional Affairs Editor

Putting rents in focus

IT CAN be five times as expensive to accommodate staff in a City of London rather than a provincial office. But this dramatic cost gap, which is perhaps the strongest single argument for office relocation, is not as straightforward as it looks.

In their recent countrywide survey of rent and rate costs surveyors, Debenham Tewson and Chinnocks, showed that a single square foot of prime, modern City office space would now cost around £23.78 a square foot on the open market. Rent and rate costs for a corresponding square foot of space in the country's cheapest office market, Hull, total just £2.77.

These figures are brought into sharper focus by looking at the comparative costs of providing office space for a single employee in a number of different office centres.

Taking a fairly ungenerous allocation of just 150 square feet of offices for our notional worker we find that he represents a rent and rates bill of £3,567 a year in the City. In Hull, the same space would cost just £416 a year and equivalent offices would cost £456 a year in Nottingham, £806 in Leeds and £948 in central Edinburgh.

These figures exclude service costs, which average around £2 a sq ft in central London falling to perhaps half that in most provincial centres.

On the face of it one might expect such comparisons to spark a mass exodus of office tenants from the costly South East to cheap offices in the provinces. But comparisons of open market prime rents tell only one, potentially misleading, part of the story.

There are many reasons why offices must be maintained in particular locations. An insurance company tenant who wants to be within walking distance of the Lloyds market would, for example, be fairly insensitive to rental and rate costs. He has to be there, so he accepts the cost. Even excluding these cases of particular locational need, the basic accommodation cost comparisons between London and the rest of the country can be misleading when weighing up relocation arguments.

One major problem with such comparisons is that very few London office tenants pay anywhere near the notional open market costs of prime buildings.

Debenhams used a figure of £15 a sq ft as their estimate of current prime City office rents. But it is doubtful if as much as 10 per cent of the City's 33.8m sq feet of offices could be described as "prime," and very doubtful if that proportion of space is actually let at up-to-date market rents. Although Debenham's £15 estimate provides a realistic view of rental levels for the few really top quality office blocks recently marketed in the City, it is far more likely that average actual rents throughout the Square Mile (including all the older, unmodernised offices and offices where tenants pay historically low rents) range between a third and a half of that prime rent level.

This gap between prime rental levels and actual rents changes the shape of relocation cost comparisons. Turning back to our notional office worker, an actual rent of around £5 a sq ft for a secondary City office, or for space held at an historically low rent, would cut £1,500 from the earlier estimate of £3,567 for 150 sq feet of prime offices. That more realistic average of £2,067 for accommodation includes an unchanged figure for rates and still excludes service costs.

The real City office costs now look less dramatic in contrast to the provincial centre equivalent. But then the lower City

CONTINUED ON NEXT PAGE

OFFICE RENTS AND RATES 1978-79
(£ per sq ft)

	Rates	Rents	Rent and rates burden
Birmingham	1.10	2.50	3.60
Bradford	0.65	2.00	2.65
Bristol	0.96	2.75	3.71
Cardiff	1.03	3.20	4.23
Edinburgh	2.09	4.25	6.34
Glasgow	1.28	4.25	5.53
Hull	0.70	1.75	2.45
Leeds	1.12	4.25	5.37
Leicester	1.02	1.75	2.77
Liverpool	0.80	3.50	4.30
Manchester	1.38	2.75	4.13
Newcastle	1.40	2.50	3.90
Norwich	0.95	1.75	2.70
Nottingham	0.79	2.25	3.04
Sheffield	1.21	2.25	3.46
Southampton	1.04	3.50	4.54
City of London	8.78	15.00	23.78
Mayfair	4.24	10.00	14.24

Source: Debenham, Tewson and Chinnocks.

Inner cities become new priority areas

IT IS now over a year since Mr. Peter Shore, the Environment Secretary, threw the throttles of the Government's "engines of exodus" decisively into reverse, hacking Whitehall away from the decentralisation policies it had followed for 15 years and towards reviving Britain's decaying and problem-plagued inner cities.

Some of those engines have been building up a head of steam in the new direction, fuelled by the Inner Urban Areas Act — passed last July and giving inner city local authorities increased powers to promote industrial and commercial growth — and a number of other developments.

But one of the most powerful, the Location of Offices Bureau (LOB), if not idling in the pejorative sense, is currently only on a fast tickover while it endeavours to sort out first, exactly what problems are entailed in the new role allocated to it, and second, how best to tackle them.

The LOB is the engine which since 1963 has shunted more than 2,000 companies and nearly 150,000 jobs out of London and which in the past has choked the Greater London Council in more ways than one with its lurid posters depicting the London costs octopus squeezing hapless office blocks to death.

But under the new remit given it by Mr. Shore in August, 1977, the LOB is to give particular attention to the promotion of office employment in the inner cities, including inner London, as well as to try to attract international companies to Britain.

Although the Government's new approach has killed any further growth of the new or expanding towns, the LOB insists that its own role has merely been expanded, not reversed. London's City and West End, the original targets of the LOB's decentralisation activities, are still excluded from the inner cities programme. The LOB will continue to give advice on locating in areas for expansion, as well as assisting the introduction of offices into the inner urban areas. Its brief, in short, as its chairman, Mr. Anthony Prendergast points out, is the better distribution of office employment throughout the UK.

To date, however, the overwhelming emphasis in reviving the inner cities has been on industry. But that the LOB should have an important role to play in the inner cities' revival is hammered home by Mr. Prendergast in this year's LOB annual report: "One quarter of all persons in employment work in the office sector and it appears that the numbers are likely to increase in the medium term. Government has given substantial support to the industrial sector in terms of finance. Now it is necessary to pay attention to the future, which will show growth in non-industrial employment."

The Bureau's trouble at the moment is that it still does not quite know where to start. The six months following the allocation of its new role were spent in allowing time for the idea to sink into organisations outside of London that the LOB's services were available to them and—it is hoped—allowing the impression that the Bureau's role had been reversed to fade. Also, with the Inner Urban Areas Bill still under discussion, geographical definitions of the inner city problem areas had yet to be finalised.

But meanwhile it also commissioned two research projects aimed at clearing away some of the unknowns relating to office development in the inner urban areas. The two main objects of the exercise are first to establish the types of office most likely to be attracted to the inner city and the changes to the inner city environment required to encourage further office development, and secondly, to assess the multiplier effect on employment in the inner areas provided by the presence of offices. The first year of the research has been devoted to London's inner area; the second will deal with those of the large provincial cities.

The early stages of the research, covering the attitudes of property developers and local authorities to office construction in London's inner boroughs, are now complete—although, the Bureau's secretary, Mr. J. P. Maconchy points out, "we have not yet come to any firm conclusions."

Two points which do seem to be emerging, however, and which serve to reinforce at least partially Mr. Prendergast's concern with Government incentives, are that some London inner boroughs have given virtually no thought to the services or office sectors as potential sources of employment and that, without Government assistance, "no developer is interested in building a square foot of office space anywhere at this point in time."

Both points are germane to Mr. Shore's two-pronged strategy for rescuing the inner cities. Apart from the practical help the inner boroughs are due to receive in actually generating new industry and commerce under a variety of schemes, including the Inner Urban Areas Act, Mr. Shore intends that the Act should play the role of catalyst in changing the attitudes of local authorities away from a traditional reluctance to involve themselves too deeply in industrial and commercial affairs.

But in concrete terms, Mr. Shore's policies have shaped up as follows: in the past year, seven "partnership" areas (partnership meaning between local authorities and central government) has been set up: in Birmingham, Manchester, Liverpool, Newcastle and Gateshead, the London Docklands, the adjoining inner London boroughs of Hackney and Islington, and in Lambeth. These are the areas identified as in most urgent need of attention, and Birmingham, the Docklands, Islington and Hackney will take precedence over the assisted areas in the allocation of the industrial development certificates required for industrial premises exceeding 12,500 square feet in the South-East and 15,000 square feet elsewhere (the other partnership areas already fall within development or special development areas). A further 29 local authorities have been earmarked for special help short of partnership status.

All have been engaged in drawing up three-year programmes for 1979-82, with those for Birmingham, the Docklands and Lambeth already agreed at a total cost for the three years of £90m. This is additional to the £100m extra for capital projects announced by the Chancellor last year. Meanwhile, the existing urban programme's allocation of £30m a year is being raised to £125m a year, the majority of it destined for the partnership areas.

DoI SERVICE INDUSTRY GRANT SCHEME
(TOTAL OFFERS OF ASSISTANCE UP TO JUNE 30, 1978)

	No. of projects	Value of offer made £'000	Est'd. jobs created
Special Development Areas			
Scotland	16	1,151	654
Wales	3	401	161
North	14	1,945	1,130
North West	24	4,277	1,922
	57	7,774	3,867
Development Areas			
Scotland	6	410	212
Wales	9	446	213
North	16	852	665
Yorks/Humberside	1	74	38
South West	1	77	47
	33	1,859	1,175
Intermediate Areas			
Wales	12	614	528
North West	37	3,526	3,275
Yorks/Humberside	40	3,839	3,709
East Midlands	3	66	76
South West	2	64	56
	94	8,109	7,644
TOTAL	184	17,742	12,686

The Inner Urban Areas Act specifically provides for local authorities to be designated by the Department of the Environment to help industry and commerce in three ways: first, to declare improvement areas, industrial or commercial, in which they can make loans or grants for environmental improvements and give grants for the improvement or conversion of industrial or office buildings. They are also empowered to make loans of up to 90 per cent at commercial rates for the acquisition of land and for building, and give loans or grants towards the setting up of common ownership or co-operative enterprises. Additionally, they will be able to develop local plans in advance of the formal government approval of county structure plans.

All the partnership areas and the 29 other authorities selected for special help are "designated" under the Act. Its critics suggest, however, that without substantial hard central government cash, it will have little practical effect and Mr. Shore himself admits that the Act of itself is unlikely to attract major employers to the inner cities; rather that those attracted will be medium and small businesses. Last week, however, Hammersmith Council indicated its intention to become the first London local authority under the Act to declare an industrial improvement area, its proposed two-year, £350,000 scheme is now awaiting DoE approval.

Given the severity and complexity of the inner cities' problems, it is going to take a long time to establish whether Mr. Shore's policies will work. For the office sector in London's inner boroughs and the South-East, there remains the vexed issue of office development permits, the exemption limit for which was raised from 15,000 sq ft to 30,000 in 1976. The GLC in particular has long pressed for their abolition, on the grounds that not only have they helped make London rents the highest in the world—the LOB reports instances of more than £25 per square foot—but that they have lost office jobs to London.

The LOB's experience is that this is not so. Rather, even when the Bureau was decentralising furiously, London was still recording a net gain in office jobs. And despite substantial cash incentives from the Department of Industry of up to several thousand pounds per office job created in assisted areas, of the 13,000 office jobs which left central London last year, only 2,000 found their way to these areas.

This perhaps does not augur well for office development plans in the inner areas of some of Britain's northern cities such as Liverpool, even though some thought is being given to setting up advance offices in these areas, and it might be expected that some moves will be made both to simplify, and increase, the Government's relocation grants.

Four-fifths of relocation inquiries are still aimed at the South-east, however, and at the moment there seems little serious prospect of significantly changing that. Market forces remain at least a match for planning.

John Griffiths

Rents CONTINUED FROM PREVIOUS PAGE

space cost also reflects a lower standard of accommodation. While the potential rental and rate cost savings on a move from London may be lower, a move out of town will invariably mean taking over a more modern, and presumably better designed building. Once again we have run into factors that cannot simply be translated into cash comparisons.

One critical factor in the rental equations that further blurs comparisons is the changing pattern of rent reviews on leases.

Most modern office leases run for 25 to 35 years and contain five-yearly upward-only rent review clauses. A move to a newly developed provincial office would almost certainly involve signing such a lease, and so at least the provincial side of our rent comparisons holds true. In the longer established office markets of central London, however, rent review patterns may be radically different.

In the immediate post-war development boom it was considered sound business to sign up a tenant for 21 years at a static rent. There are still vast tracts of London offices rented in the 1950's at 7s 6d (37½p) a sq ft which will not be rent reviewed until the mid-1980s or later. In subsequent development periods leases took more account of the steady rise in rents in the 1950s and 1960s and rent review periods gradually shortened to 14, then 7, and now 5 years.

This changed rent review pattern means that there is a "concertina" effect of reviews around 1980. In the next few years, and in the first part of the next decade, a mass of reversions fall due. This means that London tenants sitting comfortably on rents agreed 7, 14, or more than 20 years ago will be forced to accept very sharp increases in rent costs as charges are brought into line with current market levels.

It is as this wave of rent reviews sweeps over London that the next upsurge of interest in office relocation is likely to occur. And by that time it seems probable that there will be very few provincial office centres with sufficient accommodation to absorb an influx of London tenants. Once again the rental comparisons will fail as London tenants are unable to find anywhere suitable to escape higher reviewed costs.

By the time historic rents no longer cushion London accommodation costs and the open market cost comparisons begin to look uncomfortably accurate, normal local demand and the continuing trickle of relocation lettings will have absorbed the office oversupply that currently depresses provincial rents. A subsequent sharp rise in rents outside London would throw yet another spanner into the workings of a comparative rents equation.

Excluding government offices there are around 160m sq ft of offices in the Greater London area and a further 65m sq ft in the rest of the south east. But the entire office stock of Cardiff totals less than 4m sq ft; Leeds has around 6.6m sq ft. Birmingham around 12.1m and even Manchester has a total stock of under 21m feet. Markets of that size can swing from glut to space famine with just a handful of major lettings. And such a swing would have a dramatic impact on rents.

Taking all these points together it is clear that a bland comparison of rental levels in London and outside the capital tells us little about the realities of the arguments for or against relocation. As today's £3.60 a sq. foot rent in Birmingham may easily be doubled by the time of the first rent review, and as the notional prime rent of £15 a sq. foot in the City may well be an actual charge of £6 or £7 a sq. foot on an older and earlier leased building, the case for a move may not be as clear cut as it seems at first glance.

The tighter office markets of the provinces could well see faster rental growth than the bulk of London offices in the early 1980s and a more severe space shortage than the broadly based market of the South East. There can, therefore, be no general guidelines for relocation on rent arguments alone.

John Brennan
Property Correspondent

Abundant help and advice on planning a move

WITH THE Government's deciseion to rehabilitate the city centres and to attract industry and commerce back to the towns the role of the Location of Office Bureau (LOB) has changed quite dramatically. After years of advocating that "life was better out of town" it now appears to have the dual role of ensuring that there is a better distribution of office employment within the regions as well as between the regions. But this new enlarged role does not mean that we will now see advertisements with the message that "green fields are boring, get back to town."

There are still incentives being offered by the Government to encourage industry and commerce to set up in areas of high unemployment and these are likely to be increased rather than lowered or cut out altogether. The advance factory programme has been stepped up and in certain high unemployment areas companies are being offered a £20-a-week subsidy for taking on anyone who has been on the dole queue for more than a year.

Grants

In the year to March 31 1977, State aid to industry by way of development grants for companies setting up in Special Development Areas and Development Areas topped £410m and the figure for the past year will have been far higher.

Grants in the special development areas, which include parts of South Wales, Anglesey and parts of North Wales, Humberside, parts of North West England and a large area surrounding Glasgow, are at the rate or 22 per cent on plant and machinery as well as on industrial buildings.

For the development areas, which include much of Cornwall and North Devon, much of Wales and the whole of Scotland excluding an area around Aberdeen as well as most of Northern England, grants for plant machinery and buildings are at the rate of 20 per cent.

The intermediate areas, which include parts of Devon, the area around Aberdeen and most of Yorkshire and Lancashire, qualify for grants on industrial buildings and selective assistance under Section 7 of the Industry Act 1972 and the areas continue to be included in the Government's factory building programme.

In addition to these grants small and medium-sized businesses in the development areas can obtain loans from the European Investment Bank of between £30,000 and £2.6m for half the cost of fixed assets. The loans, which are for seven years at a fixed rate of 7½ per cent, are borrowed and repaid in sterling, thus eliminating any currency risks. They are not intended to be used as working capital.

It is well known that advice on office re-location is freely available from the LOB, which carries a register of available premises. The Bureau in fact provides a central source of all possible information for the client to weigh up. This includes details of housing available and other facilities such as schools, shopping and leisure amenities.

Register

The task of finding suitable industrial locations is far more difficult and it is necessary for those companies seeking factories to get their information from the various development area authorities; these, like many other local authorities, keep a full register of all available industrial buildings and can offer advice on housing and transport problems.

Too often the need to relocate is not realised until pressures on a business have resulted in severe losses, and companies are being advised by the LOB to carry out their own survey. The first task is the identification of those business costs which are linked to location—like transport, absenteeism and staff turnover, then a look at costs linked to premises, such as rents, rates and heating. All these costs can be compared with objective cost standards.

The results could mean that a company should relocate part of the whole of its operations or that there is no need to move offices. Whatever the outcome the audit acts as a form of insurance against rising costs and changing circumstances in the future and can lead to increased efficiency in the present.

Widespread shortage of qualified office staff is continuing to push secretarial and clerical salaries up and according to a recent survey by the Alfred Marks Bureau for the quarter to May 1978, demand for staff in Central London increased by 37 per cent compared with the same period of 1977.

The survey shows that the demand for secretaries in Central London pushed average weekly wages up to £66.75. Regional wage scales show that, after London, secretaries in Basingstoke and Birmingham tied for second place with average weekly earnings of £52 followed by Coventry at £51.75. In provincial cities wages are about £50 on average per week falling in Stoke-on-Trent to £48.25, which is still the cheapest place for clerical staff according to the survey.

Savings

It will be seen from these figures that there are big savings to be made in staff salaries in a move to the Provinces from London, but that is of course only part of the story. Rent and rates account for a very large percentage of some companies' costs and there can be very substantial savings from relocating.

According to LOB, rents for a 5,000 sq ft. office in central London range from £6.76 per sq. ft. to £17.58 compared with office rents in Wales of between £1 and £2.95 a sq. ft. It is still possible to rent new offices in parts of the North West at 50p a sq ft. and the highest rent in the area which LOB has on its register is £4 a sq. ft. And in Yorkshire and West Humberside rents are generally pitched at between £1.75 and £4.75 for new space.

Planning a move for any company can be a traumatic experience. As many have found to their cost, there is a very real need to keep staff fully informed of the plans; enlightened managements will bring staff associations into the negotiations at an early stage.

A typical move was that made by the London and Manchester Assurance Company, whose staff are now settling into their new headquarters in Winslade Park outside Exeter. The move to the city where it has recruited 450 local staff has naturally had a favourable effect on the local office employment market.

The company considered over a hundred locations throughout the country and sought the advice of LOB before finally making the decision to transfer to Exeter in 1975. Earlier this year, staff moved from temporary offices to Winslade Park, a 200-year-old manor house set in 35 acres. The group has now built new offices alongside the manor house and currently an old stable block is being converted into a sports hall.

Clearly the staff who moved from Finsbury Square in the City of London have found a considerable change in working conditions. "I don't think there is one person who would move back to London to work," claimed a company spokesman recently.

In his annual report, Anthony Prendergast, chairman of LOB, says: "It is clear that the structure of employment is changing. One-quarter or he working popualtion is already employed in offices and this figure is increasing. Government has given substantial support to the industrial sector in terms of finance. Now it is necessary to pay attention to the future of the office sector." He suggests that this should be looked at in terms of stimulus to generate fresh job opportunities in the office and service sector.

Rory Ferguson

Campaign to woo world majors

BRITAIN IS already Europe's league leader in terms of the number of regional headquarters of multinational enterprises to which it plays host. At the last count, 85 were based in London and 39 elsewhere in Britain. Switzerland runs closest to Britain with a total of 95. Brussels is next with 75; but there are only seven elsewhere in Belgium. Dusseldorf and Frankfurt have 94 between them, while Paris trails well behind with only 43.

Thus the Location of Offices Bureau has an extensive stock of UK experience by the multinationals on which it can draw in ascertaining how best to develop the new role allocated to it last year by the Environment Secretary, Mr. Peter Shore; to encourage and assist yet more overseas concerns to set up office in Britain.

Potential

As a first step, the LOB commissioned the Economists' Advisory Group to investigate the office location needs of the multinationals and to assess the UK as a potential location for at least some of their activities. The first stage comprised a survey of comparative labour, space and office costs: the second, yet to be completed and being carried out through a survey of the multinationals themselves, has as its principal aims to determine the relative importance of these costs in location decisions, and their implications for Britain, and to gain an understanding of the companies' locational strategies.

At the same time, Mr. Anthony Prendergast, the LOB's chairman, has been taking soundings inside the U.S. of American investment intentions. U.S. enterprises have much the greatest foreign presence in Britain: well over 80 per cent. As a result of the falling dollar and President Jimmy Carter getting the whip out to promote export activity, U.S. companies are seen as still providing the lion's share of future development by overseas companies inside Britain.

Inquiries

Given the nature of its previous role, the LOB's experience to date in actually locating multinationals has been limited. But since it was awarded its new remit, and without major overseas advertising, as of last week it had received 72 firm overseas inquiries representing 290 jobs and a further 80 inquiries of a more general nature.

Not unexpectedly, one of the Bureau's main initial findings was that communications enjoy a high priority, with London and the Heathrow area predominant in the thinking of most overseas firms. The major multinationals present a problem of their own, however. London clearly has become the capital for oil operations outside the U.S., based on North Sea and Middle East operations. And London's supply of the kind of space they require, 200,000 square feet or more, is simply drying up. Phillips and Esso are two of the multinationals currently looking for space, but it is highly elusive. This has served to push rents for this type of space up to around the £16 per square foot mark which, combined with a heavy rates burden ranging up to 60 per cent of total costs, has served to make London Europe's most expensive site for offices.

The problem of rates is not one to be taken lightly, for they are mainly to blame for the huge rise in total UK office costs over the past five years, pushing up some costs by as much as 140 per cent since 1973. However, according to a study by chartered surveyors Debenham, Tewson and Chinnocks, there are now signs of a definite slowing down of the trend.

But with rents for small prestige offices in central London also at a premium—and

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Exodus from Whitehall

CIVIL SERVANTS are the single largest class of office users in the country. They occupy just over 72m sq ft of offices, around 15 per cent of Britain's total office stock. That weight of letting demand gives central government a critical role in the property market. Thus recent debates over plans to relocate civil service staff from London to provincial towns have been followed with acute interest by developers throughout the country.

Job dispersal, initially seen as a straightforward scheme to reduce accommodation costs, has developed into a protracted political issue and has caused bitter rifts between representatives of the civil service staff and the Government. On the political front, plans to move over 30,000 civil servants to new offices on Merseyside and in Cardiff, Glasgow, Bristol, Newcastle, Sheffield and other provincial centres by the mid-1980s have been seen as a practical counter to devolutionists' arguments that the capital holds too many of the reins of power, as well as a significant fillip to the economics of development areas. The fact that these relocation plans will be carried out by a Government now committed to the regeneration of inner London as well as the traditional areas of development adds an ironic twist to the debate.

The civil service unions' attitude to the moves have been made patently clear. They dispute the Government's cost estimates for such moves, dispute their calculations on the amount of work disruption involved, and generally dispute the enforced uprooting of staff from established office area of the South East to new communities. Civil servants' current attitude was expressively summed up recently by Mr. Peter Jones, secretary of the staff side of the civil servants national Whitley Council, as one of "malevolent neutrality."

Details of all moves were announced last year by Lord Peart, the Lord Privy Seal. This dispersal timetable, with the number of jobs to be moved and their new locations, shows why property developers, and both commercial and housing agents, have been keeping such a keen eye on the debate.

Staff

The Ministry of Agriculture, Fisheries and Food is to move 1,259 staff to Merseyside between 1981 and 1984. The Agricultural Research Council will also be moving 160 staff to Merseyside at the same time. The Civil Service Department has 500 members on their way to Norwich in 1982-83, and another 170 to Basingstoke by the end of the decade. H.M. Customs and Excise move 500 to Southend between now and 1985, while the Ministry of Defence takes between 4,000 and 5,000 people to Cardiff, and up to 6,000 to Glasgow in the next five years. The Department of the Environment completes the move of 1,020 former Ministry of Transport employees to Bristol this year, and the Council for Small Industries in Rural Areas lives up to its title by moving 140 staff to Salisbury by 1979.

The Property Services Agency (PSA), which masterminds the property side of all these moves, takes 3,000 of its own staff to Teesside by 1985 and another 1,000 to various regional offices at odd dates up to 1985. The Foreign and Commonwealth Office moves 500 staff to Merseyside between 1981 and 1984, while the Department of Health and Social Security transfers 500 people to Newcastle this year and over 1,000 to Blackpool in the next four to five years.

The Home Office moves 1,000 staff to Merseyside between 1981 and 1984, and the Manpower Services Commission will have completed the move of 1,500 staff to Sheffield by 1982. The Natural Environment Research Council moves 190 people to Swindon by next year at the same time as the Science Research Council moves into the town with 380 staff and HM Stationery Office completes the transfer of 380 staff to Norwich.

The Ministry of Overseas Development will have moved 1,000 staff to Scotland by 1981, 650 going to offices in East Kilbride, the rest to Glasgow. The Office of Population Census and Surveys will have a 500-man team at Southport by 1982. The Companies Registration Office has now completed its 1,000 staff move to Cardiff, where the Export Credit Guarantee Department is moving 800 people by 1980, and where the Department of Trade will have another 600 staff working by 1981. The Government Chemist's Laboratory moves 360 staff to West Cumbria between 1983 and 1984.

Other departmental moves, taking the total dispersal programme to over 30,000 jobs, create a significant backwash effect on London's office market.

As jobs move from London the PSA is expected to carry out a reshuffle of London offices, rationalising its use of rented accommodation. One obvious effect will be a move of civil servants from the areas on the fringe of the City of London and in Holborn to vacated space in Westminster

It clearly makes sense to bring departments that have expanded into a number of separate offices under one roof, and to pull back staff from the outer reaches of London nearer to their relevant ministries. This reshuffling could result in a spate of office vacancies on the fringes of the City making a nonsense of the more extreme forward projections of commercial space shortages.

Apart from tidying up the sprawl of civil service offices in the capital the PSA will also be under pressure to move staff from rented space to newly vacated Government-owned buildings. But there are precious few of these government-owned buildings to choose from, as the PSA's critics have been quick to point out.

The PSA has suffered a bad public image in recent years because it has had to rent so many privately developed offices. It is understandable that the office should have picked up the critical label of "developers' friend" when it is seen leasing otherwise unlettable new developments throughout the provinces. But the PSA's financial structure makes it incapable of justifying the capital cost of developing on its own account or completing more than the occasional outright purchase.

Muscle

Despite its letting muscle its hand-to-mouth accounting system has prevented the PSA from developing corresponding purchasing power. That is precisely why, with major rent reviews due on its leased offices in London in the early 1980s, the civil service dispersal programme was first considered.

The prospect of rising London rents may have been the reason for initiating the dispersal programme. But in practice the moves are unlikely to have a very noticeable effect on the capital's property market. The moves will help the PSA to slow the rate of increase of its overall costs, stabilising forward projections of annual rent costs at around £180m by the mid-1980s. And the inner London office reshuffling may create unexpectedly large vacancy rates among older, larger office units on the City fringes. Otherwise, the impact on London's property market is likely to be minimal.

In the provinces the effects of dispersal will be greater. But they will be countered to a large extent by the results of the past few years' public sector spending cuts.

Office floorspace surveys of provincial cities suggest that up to half of all developments completed since 1970 have been taken by central or local government tenants. This abnormally high public sector letting rate reflected the amount of new offices taken at the time of the local government reorganisations in the mid-1970s, and the fact that public employee staffing levels continued to rise even after the economic recession of 1973-74. These two factors meant that public sector lettings increased at a time when normal commercial sector letting demand was almost non-existent.

This heavy public sector demand has now ended. The local government reorganisations have been carried out, and would-be empire builders in all areas of public administration are having to grapple with the effects of spending cuts. Civil servant dispersal comes only part way towards filling the resultant demand gap. And as many of the moves are not scheduled to take place until the early 1980s the programme is unlikely to have any immediate effect on provincial office rents.

John Brennan

Campaign

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teching recently £25 or more a uare foot—the danger of London eventually pricing itself out the market is one of the rnings continued in another rvey carried out for the LOB, nded by the Department of dustry.

The survey cautioned that erseas companies' complaints out the UK centred on two eas: the high level of personal :ation and central London's ing rents:

"To continue its premier sition the UK, and London particular, must be competie in the facilities it offers and cost of these facilities. On ny sides, though, the situation good: salaries are well below se of European competitors I the environmental and telenmunications services are ghly regarded."

However, European inflation l changing tax regulations in U.S. have tended to make multinationals look more sely at the role of their ional offices, both in terms of ation and function, and it is this basis that the LOB has n trying to identify just how ll the U.K. matches up to er European centres.

Conclusions so far are that UK comes out well. While a nber of European centres re well on particular points. the survey points to a number of individual drawbacks: Work permits have become a vexed issue in Switzerland; Brussels cannot match London's array of financial services, and an extra disincentive is provided by the high cost of compensatory payments for staff dismissals; Paris is regarded by the multinationals as being not quite international enough in its outlook.

Scope

Also working to Britain's advantage are its commercial legal system and its language, the international one of business. And there may yet be scope, under the new policy to promote the inner cities, including London's docklands and the boroughs of Hackney, Islington and Lambeth, to ease at least some of the pressures on central London in terms of the multinationals. Admittedly, no amount of pressure — even if the LOB were in the position to apply it — would be likely to persuade the very large multinationals to move far from London, it is unlikely that the current restrictions imposed on office building in the South-East through Office Development permits would stand in the way of them locating virtually where they please.

But depending on how the proposed industrial and commercial development of the inner London boroughs finally shapes up, Mr. J. P. Maconchy, the LOB's secretary points out, "we might be in the position to say to a foreigner who wants a City location: 'look, why not Stratford East, only 10 minutes to the east of the City by tube, where your overheads will be only a quarter of what they would be in the City'...".

For overseas companies who are able to locate away from London, Department of Industry financial incentives are available in the Assisted Areas in exactly the same way as for British companies. They can run as high as a fixed grant of £1,500 for each job created in the special development areas of the north, plus rent relief grants which can mean that a company locating in them will pay no rent at all for periods up to seven years.

Glasgow and Manchester, each possessing its own international airport and hence of significance to European concerns in particular, are both eligible for DoI assistance.

John Griffiths

The North of England

Boost for service jobs

SUCCESS IN winning new office jobs is today rated as highly as gains in manufacturing in many parts of the North of England, not least by the major cities. Assessing office employment in terms of regional policy objectives, the Strategic Plan for the North West went so far as to hint that the creation of office jobs in assisted areas might even be more valuable than new manufacturing jobs.

Equal or not, it says a good deal about current attitudes and realities in a region where industrial priorities have traditionally been shaped more by looms and lathes than desks. Historically, of course, cities like Manchester, Liverpool and Leeds have long-established reputations as major centres of commerce and as administrative, financial and service hubs of their surrounding sub-regions.

But a new awareness of the value of office jobs, now shared by many major towns as well as the cities, recognises two things—first, that the most significant growth over the last 10 years has been in the service sector and that overall the region has not done as well as many others, and secondly that matched against capital-intensive manufacturing industry office work is still largely labour-intensive.

The North West can claim the largest total of office employment outside the South East, but growth has fallen appreciably short of the England and Wales average and there has been an under-representation of office jobs in service industries, leaving a greater dependence on white collar jobs in manufacturing industry. Between 1951 and 1966 the number of office workers in the region rose by 40 per cent against a growth rate for England and Wales as a whole of 59 per cent. One in five in the North West work in offices.

Figures like these can be ready fuel for the Northerners' ingrained belief that too many of life's opportunities are still centred 200 miles distant in London and the South East. "The days of the London colossus will be over within 20 years. It will be replaced by the real power and guts of the industrial North," a Merseyside industrial development crusader forecast not so long ago.

Emotive

It has yet to happen, but it was good, emotive stuff tailored to regional aspirations. Yet it is a fact the North has a good deal more to offer than civilised levels of office rents and in any event distances have lost much of their meaning in an age of modern communications and inter-city train services that shrink the journey time between Manchester and London to two hours 35 minutes, not to mention 20 British Airways flight links a day.

Some significant gains have been made, virtually all have turned out well and key staff transferred from the South East have generally settled in and adapted to the northern way of life. "But the pull of the capital can still be strong," said a spokesman for Pioneer Mutual Insurance with headquarters at Crosby, Merseyside, and a £40,000 rent grant over five years under the Government's office and service industry incentive package for assisted areas. The company is a merger of three, one of which had been London-based for 80 years. At first 32 London staff were prepared to move North but in the event only eight did so. Four of them have since gone back.

This has not been the experience of Midland Bank, which surveyed 150 cities and towns all over the country before deciding on Sheffield for dispersal of a number of London main departments. Like the departmental switch by Barclays Bank to Knutsford in Cheshire, the Midland move was the culmination of careful planning and organisation. It was a major operation, with 850 staff and families moving to Yorkshire and recruitment in Sheffield of 1,000 local staff.

Midland, which now occupies over 250,000 sq ft of office space in Sheffield for divisions and departments ranging from personnel and premises to economics and computer operations, describes the dispersal as a success with most transferred staff "settling down well." Operational difficulties in London, compounded by costs, staff shortages and congestion, influenced the bank in its decision to disperse.

The same factors were responsible for Barclays' decision to move a number of head office departments from London to the agreeable rural setting of Radbroke Hall at Knutsford in Cheshire. It followed a feasibility study begun in 1970 after the bank had been served notice of a rent review which raised the cost of one London building from just over £1 to £11 a sq ft. The cost of working space in the City of London was estimated by the bank in 1974, at the time the first phase of the move to Cheshire was completed, as more than £1,000 a year per head of staff against no more than £150 at Knutsford. The pattern of London costs since 1974 reinforces the point.

The move, which followed a survey of locations throughout England and Wales and has since been described as a "great success," involved the phased transfer of 700 staff from London and elsewhere and recruitment of a similar number locally. But first, in the case of both Barclays and Midland and indeed every other incoming office employer, there was a clear criteria to satisfy. It turned on availability of modern communications, housing, schools and local amenities. The North was found to meet the criteria.

Assisted

A local history of technical skill and availability was an important factor when Fluor, multi-national petrochemical engineers, began assessing ten possible locations in England, Scotland, Wales and Ireland for a regional operation. Greater Manchester was chosen and the decision has been described as "without doubt a success story." From an initial design and draughtsman strength of 25 the company has rapidly built up a total labour force of over 450 and is moving to a modern tower block at Old Trafford after outgrowing its floorspace at Eccles.

The whole of the North of England is an assisted area at intermediate, development or special development level but until the early 1970s Government incentives were directed primarily at manufacturing industry. The North West Industrial Development Association, a leading campaigner for office as well as factory development, believes it played a part in influencing official thinking leading to the substantial package of transfer, job creation, rent, removal and other grants available to office and service industries moving or expanding in assisted areas today.

The Lancashire new town of Skelmersdale, which has suffered major blows to its manufacturing industry, had modern accommodation on standby when a major new office possibility was on the horizon.

In the largest single office project in a Special Development Area to be assisted by the Department of Industry, the Co-operative Bank is to establish a £7m central consumer service bureau expected to provide 600 jobs over the next five years, with the prospect of an increase to 1,000 later.

Government grants of £2.1m were offered, with the possibility of a further £1m. Meanwhile, official figures show that the North West has not been slow to make use of the office and service industry assistance scheme. To the end of June the Department of Industry had made offers totalling £4.2m towards 24 projects expected to create 1,900 jobs in the Merseyside SDA and £3.5m towards 3[illegible] schemes expected to create 3,275 jobs in the intermediate areas of the North West.

Plans for the dispersal of London-based civil servants to the North West await purpose built office accommodation. Merseyside is due to have 3,40[illegible] posts, including 1,000 for the Home Office. Preliminary work has started on the site of Liverpool's former Exchange station where conversion of an existing hotel is due to get under way next year followed by the building of 50,000 sq metres of new offices to be completed in 1983.

Nearly 1,000 dispersed DHSS posts are scheduled for Blackpool and 360 others for Cockermouth in West Cumbria, dispersal by the Laboratory of the Government Chemist causing some misgivings to the Lake District amenity lobby.

Tom Heaney

The South East

Still the magnet for most

IN THEORY the most important event to have happened in years so far as office location planning for London and the South East is concerned was the Order in Council on August 8, 1977 which provided new terms of reference for the Location of Offices Bureau (LOB). This directed LOB to give particular attention to the promotion of office employment in inner urban areas. London, with the exception of the central areas of the City and the West End, was specifically included among the inner urban areas.

For office planning this move represented the flowering of the Government's new regional policies which give inner areas priority second only to the special development areas. For the first time since the war there has been official recognition of the inner cities' need for help in attracting and keeping jobs.

In practice, however, the new attitudes have so far had little impact. According to LOB there is no evidence so far as to whether more businesses are considering staying in London or not. The areas which have traditionally won London's emigrating firms—the main conurbations in the South East, South West and Outer Metropolitan Areas—are also at a loss to find evidence of any change.

One reason for the lack of information is the general low level of moves in the past 18 months, largely as a result of the economic recession of the past four years. One irony of recession is that it increases the pressures on companies to reduce their overheads while at the same time withholding the finance for making the moves essential to that reduction.

So, for instance, in the period April to August, 1977, LOB was involved in helping only 29 companies to move. In the previous 12 months the numbers had been 136, itself a decline from 1975-76, when 175 concerns moved, and well short of the peak in 1973-74 when a total of 216 firms moved.

Since August, 1977, LOB has not produced figures on moves from London alone. Because of its new national role the statistics are now being compiled on a different base. However, until August last year the geographical break-downs of where companies moved to followed traditional patterns.

The largest number of moves by far were within the GLC area. London businesses have always showed a preference for staying as close to the capital as possible even when they are forced to reduce overheads or find new premises.

The belt just beyond the GLC area continues to attract only relatively few emigrants. But this is probably not as a result of any inherent unattractiveness in the areas themselves. In the main the reasons lie in tight planning restrictions which have made development in this belt virtually impossible for several years.

These planning restrictions still occur. Only in the past few months, for instance, the Windsor and Maidenhead District Council has introduced a total ban on office developments over 3,000 square feet. This restraint has been in reaction to the fact that last year planning permissions were handed out for 181,000 square feet of offices—a full 45 per cent of the total budgeted for until 1991.

Beyond this belt the attractions of the South East continue. Despite rigid planning controls and the seductions of grants and incentives in the development areas it continues to be the region most London companies want to move to if they move out of London.

Other areas, such as the South West, have improved their position over the past five years or so particularly with the extension of the motorway network, but the South East is not likely to be swept off its top position by any region other than London itself.

This is where the impact of the Government's new policies is still awaited. There are rumours that the entire office development permit system could be swept away—or drastically restructured in favour of the inner boroughs. Whether that is more than wishful thinking is still to be established. Meanwhile a number of powerful pressure groups is emerging which could force the Government's hand to a degree.

The most recently formed—only a fortnight ago—is an association of London MPs who have just held an emergency meeting to discuss ways of stopping the drift of employers out of London. The group is headed by the member for Hackney and Shoreditch, Mr. Ron Brown. It believes that London's businessmen need an effective lobby to ensure that their needs are not forgotten in the scramble to rescue traditional areas of high unemployment such as Liverpool, Glasgow and the North East.

The critical problem now is that the highest unemployment is to be found in the inner London boroughs. Poplar, Stepney, Deptford and Holloway all have unemployment levels in excess of 10 per cent.

Recognition of these problems has led to the creation of the new Government policies and the pressure from groups such as the London MPs. In the main, however, the moves are all directed at industry with particular emphasis on manufacturing industry. Little attention is being paid to encouraging office jobs despite the clear indications that office work will continue to absorb a higher proportion than the 25 per cent of total jobs its accounts for today.

This was one of the main complaints of LOB in its last annual report. Government has given substantial cash to industry, LOB pointed out: it was now time to do the same for the office sector. Behind this plea lies a distinct concern that (with the possible exception of London where it still does pay developers to build speculative office buildings) the supply of new buildings even in the south east could be drying up.

The present position does not itself indicate a lack of supply. All of the main centres have a reasonable stock of premises which more than matches the current level of demand.

But the level of demand is currently depressed. Once it begins to rise again most towns will need a further increase in building. And that does not look like occurring in the foreseeable future to any significant extent.

Hence LOB's plea for support to the office sector. That could take the form of grants for employment which could in turn be ploughed back into higher rents, once again making speculative building viable, or direct grants to property developers by way of capital allowances or special rate loans.

The atmosphere in local and central government politics is still far from recognising the merits and necessity of office development as an industry, but there is a sufficient shift in attitudes to regional development to leave room for the belief that the ODP system might be changed or abolished. And this in itself would be a major boost to development in the South East.

Christine Mo[illegible]

The Midlands

Space shortage feared

FEARS A year ago that the Birmingham area was grossly over-officed have been dispelled. The concern now is that there could be an acute shortage of office space in the city centre and elsewhere within two years.

It has long been evident to many agents that demand for offices in the central areas of the city and in the pleasant suburban centres such as Edgbaston, Solihull and Sutton Coldfield is increasing and will continue to do so.

The problem, particularly in the central professional "core" of Birmingham—enclosed by Colmore Row, New Street and Corporation Street—is that virtually no more new offices will be available to let for about two years, as most of the proposed schemes are still on the drawing board.

But it is a fact that there are still more than 1.6m sq ft of empty offices in the city as a whole, of which a large proportion are in the peripheral areas where lettings have been slow in recent years

There are many signs, however, that prospective tenants are prepared to consider renting offices in positions which, a year ago, they would have completely ignored.

The revival in office lettings in Birmingham has very little to do with the successful development of the National Exhibition Centre but a great deal to do with the expansion of Midland and national firms based in the city.

A comprehensive guide to the West Midlands office property market was published recently by one of the region's leading commercial agents, Elliott Jones Martin.

The existing office stock within central Birmingham and Edgbaston is estimated to be about 14m sq ft and the amount of space available in these two central zones totals only about 10 per cent of this figure.

Almost 1,250,000 sq ft of office space has been let in the West Midlands county area in the year up to September and only about 2.7m sq ft of space remains empty. In the year up to September, 1977, 807,000 sq ft was taken.

Last autumn nearly 250,000 sq ft of space was available in the central, professional "core" of Birmingham. That figure has been reduced to 43,300 sq ft (18,700 sq ft prime accommodation) because of the desire by many professional firms to be centrally located. Whereas five years ago firms were moving out of rather cramped and old offices in the city centre to the spacious and salubrious modern office blocks in Edgbaston, a number have since moved back—but to refurbished accommodation and at a higher rental

Top rents in the central area are £4 to £5 per square foot. These are a marked difference to the new building rentals outside the prime locations which are in the £1.75 to £2.25 per square foot bracket.

Elliott Jones Martin's survey also shows that there is almost 450,000 sq ft of space available with the inner ring road of Birmingham, excluding the central core. Much of it is prime accommodation and includes part of the tall Centre City office block on the Smallbrook Queensway, where an American computer firm has taken about 50,000 sq ft for its national training centre. Here, top rents are between £2.25 and £2.75.

In this particular zone, which includes some offices empty for a number of years, more than 250,000 sq ft was let in the past year.

There are still more than 675,000 sq ft available in the outer city area, excluding Edgbaston, where prime rents vary between £1.50 and £2.50 a square foot. Included in the area are several modern office blocks in Broad Street which has declined in condition and popularity in recent years but which is likely to grow more popular as office accommodation is eventually occupied in the central area.

Plans have been announced recently to include about 200,000 sq ft of offices in a large complex incorporating a restaurant, hotel and housing overlooking the canal just off Broad Street.

The city centre is linked by Broad Street to Edgbaston, one of the fastest-growing office development areas in any city during the property boom years of the early 70s.

Consequently, this was the area in Birmingham hardest-hit by the slump. The revival came 12 months ago since when four times as much space has been let as in the previous year.

There is nearly 370,000 sq. ft. space available in Edgbaston, the vast proportion of it in first-grade buildings, but much of this is expected to be let before 1980. In the past six months IBM has taken a lease on a large section of one development.

Staffing of offices has been enormously helped in this suburb by the opening last spring of a new railway station at Five Ways which provides a fast, regular service to and from the main New Street station, about two miles away.

Outside the city the most successful office centre is Solihull. The National Exhibition Centre is part of the zone and it has had some effect on lettings in the last two years.

But the biggest boost has undoubtedly come with the expansion of BL Ltd. Austin Morris headquarters is now based at International House, overlooking the NEC, and one of the large modern offices in the town of Solihull has been completely occupied by the BL group.

More than 300,000 sq. ft. has been let in this area during the past two years and most of the remaining 183,000 sq. ft. is prime accommodation at between £3.25 and £4.25 per sq. ft.

The state of the car industry plays a vital part in the office letting market in Coventry. Although the city has had mixed fortunes over the past few years there are signs of an upturn in the letting of offices.

Last year, 151,000 sq. ft. of space—the vast majority of it in secondary locations—was let, compared with less than 20,000 sq. ft. between September, 1976, and September, 1977. If last year's trend continues at the same rate, without any additions to the supply, the city could be in real trouble by the early 1980s.

Nearly 60,000 sq ft of the 313,000 sq ft available is likely to be let before Christmas to an undisclosed national company which is considering moving a section from London to the Midlands. If the deal is finalised, then the city fathers will breathe a sigh of relief as their Christchurch office block has been standing empty for 18 months.

Rents are still comparatively cheap in Coventry at £2.25 per sq ft for prime offices.

Another office centre in the West Midlands where demand has improved is Wolverhampton, but here there are only 46,850 sq ft available. Sutton Coldfield found tenants for more than 51,000 sq ft in the past 12 months and now has only 28,000 sq ft to offer.

Halesowen and Dudley, once thriving office centres, have endured a long period of hardship with numerous office blocks standing empty. Nearly 50,000 sq ft has been taken since September, 1976, but there are still 360,000 sq ft empty, nearly all in modern blocks.

Developers will steer clear of this area and Walsall where 100,400 sq ft stands empty, and West Bromwich with 98,300 sq ft available. These are areas which can truly be described as over-supplied with offices.

Birmingham will remain the "kingpin" to the Midlands office market, largely because of the city's excellent motorway and rail communications.

The city's Commercial Estate Department has reported that inquiries for offices trebled in the first half of 1978 compared with the whole of last year.

There could be a queue of firms waiting to take up space in the city centre, in the near future. An international firm of chartered accountants is about to complete a deal for 30,000 sq ft of offices in a development, just started, opposite the Bank of England.

No other office developments are underway in the city. Trafalgar House has just paid about £300,000 for a site, a few hundred yards off Colmore Row, where there are plans for a ''00 sq ft development. A dilapidated block of former offices in the Row are soon to be refurbished in the mould of the highly successful Waterloo Street scheme, nearby.

But the city centre site which most interests developers, institutions and the public at large is Snow Hill, the former railway station, now demolished. British Railway Property Board, in conjunction with the City Council, is studying about 120 schemes submitted from all over the country.

The chosen scheme, which will certainly contain a large element of offices, is expected to be announced by the end of November. It will be the last major development scheme in the heart of Birmingham and will tidy up an area which has been a blot on the landscape—and a civic headache—for years.

By a Correspondent

The South West

Sudden rush of lettings

THE OFFICE relocation market has undergone a remarkable turnround in the South West. Only 18 months ago conditions could not have been more depressed. In the main property centre, Bristol, over 1m sq ft of new office space still lay empty, a memorial to the boom of the early 1970s. Even at the beginning of this year some 00,000 sq ft was still looking for tenants and agents were resigned to a long uphill struggle before the market was restored to equilibrium.

As it turned out the transformation was sudden. Following a rush of lettings, it is calculated now that only some 25,000 sq ft of new space is immediately available in Bristol and developers' thoughts are once again turning to the possibility of new investment in office accommodation to take advantage of the still unsatisfied demand for relocation in the provinces.

The key to any new investment will of course lie in the level of rents. These days, developers are looking for at least £4 a square foot to be sure of an adequate return on their investment, and in Bristol rents are now edging up to the £3.50 to £4 bracket after a long period in the doldrums.

This compares with around 8 a square foot for less than ideally located new office space in the South East, though it is far cry from the rents differential which prompted four major banking and insurance groups to move down to Bristol in the heady market of 1971-74. London rents were then soaring to £15 to £20 a square foot, while equivalent space was available in the South West's capital for no more than £2.50 to £3 a square foot.

Other centres in the South West to benefit from this exodus were Swindon, Cheltenham, Gloucester and Exeter. All offered three key attractions which, to varying degrees, still hold good to-day.

First is the marked difference in the cost of office accommodation compared with the South East and London.

Second is the South West's excellent communictions. The M4 and M5 motorways now put all except Exeter within easy driving distance of London and the Midlands. British Rail's high speed train means that Bristol is now no more than one hour twenty minutes away from Paddington — virtually commuter distance—while Swindon is no more than the magical hour's travelling time from the metropolis.

The South West also scores over other relocation centres from the point of view of easy access to Heathrow Airport. Thanks to the M4 the businessman can drive straight to Heathrow without becoming entangled with London's traffic—assuming there is not a convenient flight from Bristol Lusgate or Cardiff Wales airports, both of which have daily flights to and from the Continent.

Third is the exceptionally pleasant environment. Swindon, Cheltenham and Gloucester have the Cotswolds on their doorstep and the beauties of the Wye Valley and Wales not far away. Bristol has the Mendips and the lovely countryside and coast of Somerset and Devon within easy striking distance.

One question which has concerned potential relocating companies has been their ability to recruit local staff. Obviously there is a limit to the numbers which can be found locally at any one time in the smaller centres. Indeed, after the spate of relocations in Bristol in the early 1970s, there was a tendency to believe that potential local recruits have all been absorbed. Swindon is said to be suffering from this at present.

But experience has shown that office staff transferred with the company invariably settle down happily in the South West. In fact it seems the number who subsequently wish to transfer to the metropolis can be counted on the fingers of one hand.

Furthermore, each of these centres tends to serve as a focus for the surrounding hinterland and is therefore able to attract employees from a wider population. This is particularly true of Bristol. The city itself has a population of under half-a-million, but in practice office staff are prepared to travel from Bath, Weston-super-Mare and towns and villages even farther afield to work in Bristol each day.

Robin Reeves

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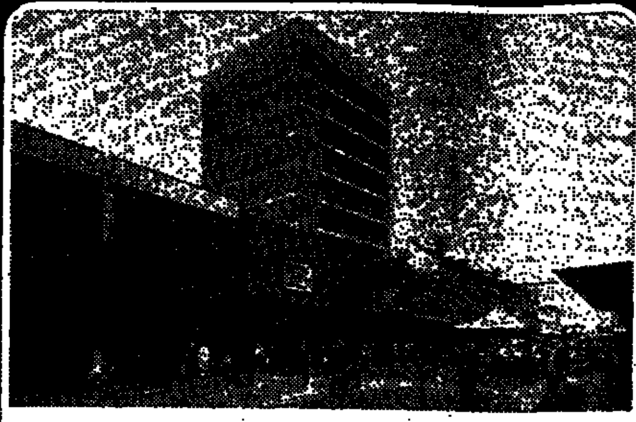
BY MA

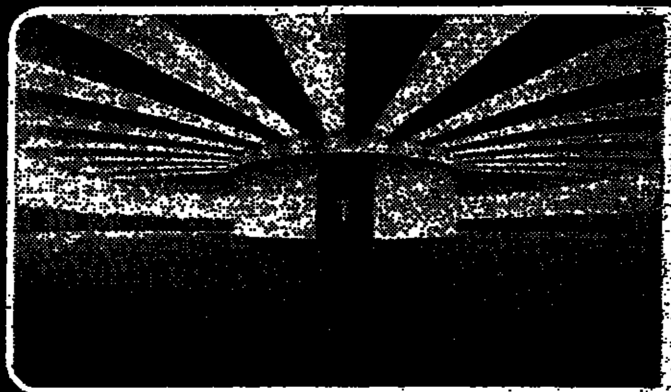
THE PF decided t allegation Wilson f number o were con paign agai Party on 1974 Gen The fo allegation lowing th affair. M was, had an orches himself, Lady F Marcia W The Pr Sir Haro drawn so Subsequ told the did not prietors instructed round a material." The Pr to hear Sir Harol formal co On the against council s Royal Co that ther Labour b The Pr is one o lished tod In ano council against t Daily Ex picture c Henrietta death in l

PROVINCIAL OFFICES TO LET

Thorpe House
NORWICH
26,234 sq.ft.
New air-conditioned offices to let.
■ 74 car parking spaces.
Joint Agent: Percy Howes & Company

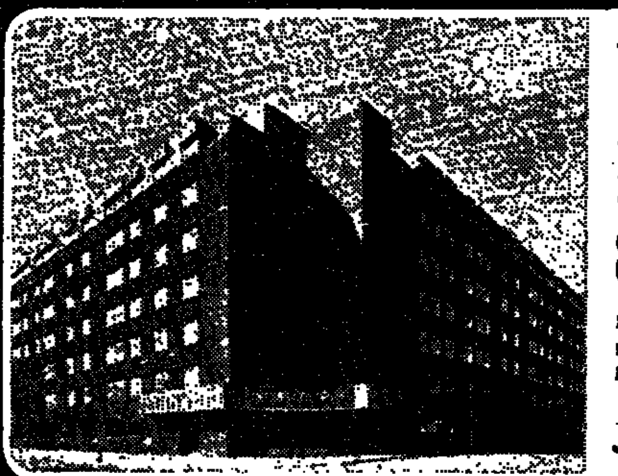


Mariner House, 157 High Street
SOUTHEND-ON-SEA, ESSEX
New office building.
12,970 sq.ft. Consideration would be given to letting of units of not less than 2 floors from 3,035 sq.ft.
■ Full central heating. ■ Wall-to-wall carpeting throughout.
■ 2 fully automatic eight-person passenger lifts.
Joint Agent: The James Abbott Partnership



Compton House
BOURNEMOUTH
Prestige offices—A new stimulating circular conception in working environment.
35,455 sq.ft.
■ Air-conditioning. ■ Fully carpeted.
■ Magnificent reception area.
Joint Agent: Bernard Thorpe & Partners

Ealing
WEST LONDON
Project Great Western—Proposed Headquarters Office Site to provide
165,000 sq.ft. NET
■ To be constructed to very high standards.
■ Fully air-conditioned and carpeted.
■ Multi-storey car park for 400 cars at rear.



The Inter-City Building
BRISTOL
Prestige air-conditioned office development.
83,990 sq.ft.
■ Fully carpeted.
■ 4 ten-person passenger lifts.
■ Car parking.
Joint Agent: Lalonde Bros. & Parham

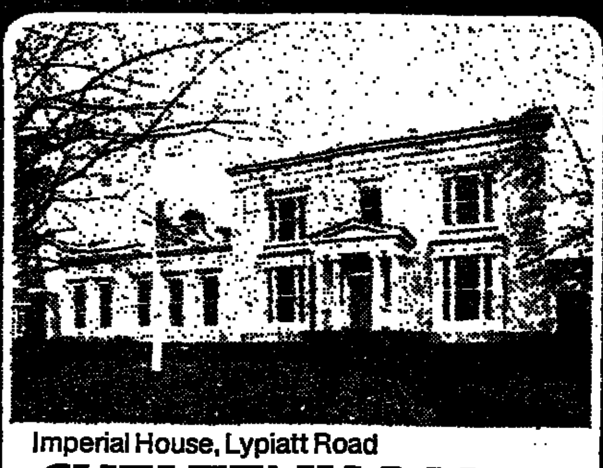
Point West, Uxbridge Road
HAYES Middlesex
Modern self-contained office building.
23,200 sq.ft.
■ Car parking spaces for 70 cars.
■ 15 minutes drive to London Airport.
Joint Agent: Farr Bedford Tel: 01-579 9282

Sulby House
SUDBURY SUFFOLK
17,837 sq.ft.
Modern office space to let as a whole or in suites.
■ Economical rents. ■ Central heating.
■ Parking for 50 cars. ■ Lifts.
Joint Agent: Fenn Wright Garood Turner.

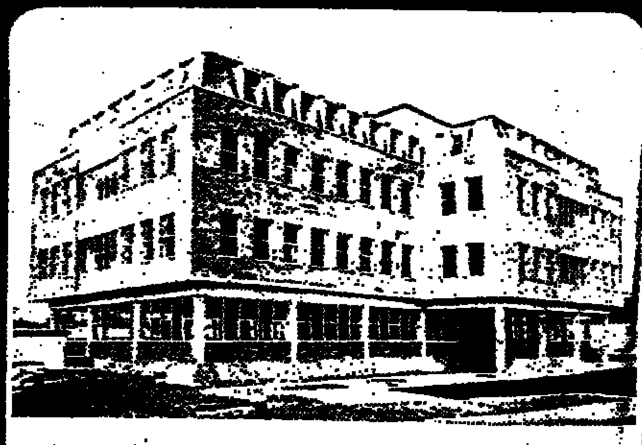
Clarendon House
BASINGSTOKE
7,500 sq.ft.
New offices to let.
■ Full central heating.
■ Lift. ■ Fully carpeted.
Joint Agent: Pearsons

Kiln House Pottergate
NORWICH
Prestige office space.
70,000 sq.ft. approx.
■ Air-conditioning. ■ High quality finish. ■ Central location.
■ Directors' car park. ■ Multi-storey car parking nearby.
Joint Agent: Francis Hornor & Son

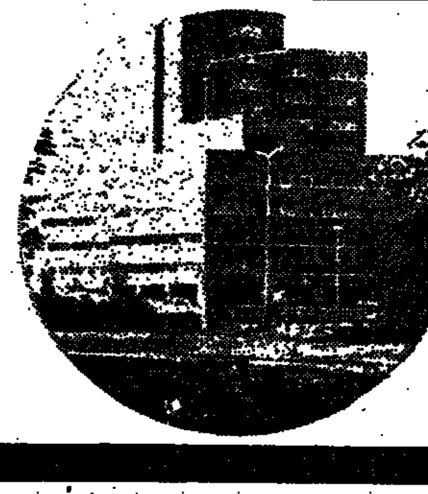
Beaver House
SWINDON WILTS
In town-centre location.
30,000 sq.ft.
Prestige, air-conditioned office accommodation to let.
■ 48 car parking spaces.
Joint Agent: J. P. Sturge & Sons.



Imperial House, Lypiatt Road
CHELTENHAM
Regency office building in centre of town. To Let or For Sale.
12,533 sq.ft.
■ New rear extension. ■ Ample car parking.
■ Extensively refurbished. ■ High quality carpets.
Joint Agents: Bruton Knowles
Hartnell/Taylor/Cook



Commerce House
GUERNSEY
25,125 sq.ft.
New air-conditioned office accommodation to let as a whole or in units from 1,500 sq.ft.
■ Fully carpeted. ■ 2 lifts. ■ 32 car parking spaces.
Joint Agent: Lovell & Partners.



Meridian Point
SOUTHAMPTON
37,000 sq.ft.
New office building to let as a whole, or in floors of 9,250 sq.ft. ■ Air-conditioned.
■ Double glazed. ■ Ample car parking available.
Joint Agent: L. S. Vail & Son

Richard Ellis, Chartered Surveyors
6-10 Bruton Street, London W1X 8DU Telephone: 01-499 7151
City of London, Manchester, Scotland, Belgium, France, Holland, Spain, South Africa, Australia, Canada, Singapore, U.S.A.

Richard Ellis

POLITICS TODAY

Economic growth by moonlight

TRY TELEPHONING a build-g contractor in Central ondon nowadays and you will iscover something about the resent state of the British conomy, and a great deal else esides.

It is of course possible that here will be no answer or that he line has been discontinued. ssuming you get through, owever, the best that can be oped for is the promise of a all back that never comes. As r getting any work done, it out of the question at least r the next six weeks and robably till after Chrismas. A rge number of builders in ct will no longer commit hemselves even to giving an stimate. For anything urgent ou might as well ask the milk-nan.

Indeed it turns out that the ilkman is quite likely to be very good bet. According to uilding industry sources, the ilkman's trade—and that of he bus driver—are ideal for he former builder, decorator, lumber or whatever who wants fixed job in the daytime which lows him to get on with the rious business of making oney without paying tax once he shift is over. These men ill no longer work for a build-ng company direct or even as ub-contractors. Moreover, as ften as not, they will be quite s busy as the regular firms.

Anyone who wants to make ven a cursory check of this formation would do well to ok at the pages of the London vening News on Thursdays. his is in effect a recruitment gan for the building trade. he rate for a bricklayer in entral London has gone up om around £20 a day three onths ago to close on £40 to-ay (with overtime or bonus). These, it should be said, are the rates being offered. According to industry sources, it is perfectly possible for bricklayers to demand more and get it. Equally it is possible to undercut the open market by doing the work for cash and thus not paying tax; hence the growth of the milkman's second job.

This rise of demand is not confined to bricklayers; nor is it peculiar to Central London. There is a similar demand for plumbers and carpenters, and Central London seems to differ from elsewhere only in that it tends to offer the highest rates; the level of activity is not much greater. One advertisement for bricklayers in Middlesex, for example, says simply: "No limit on earnings."

There is another interesting development. A fair sprinkling of the advertisements are placed from West Germany, sometimes by British companies with contracts there and sometimes by German companies themselves. Any British bricklayer who wants to can scan the Evening News, turn up at a London hotel for an appointment and get himself flown to (say) Hamburg where he will receive high earnings, possibly coupled with a convenient arrangement about tax, as well as free accommodation and transport.

It may be asked what all this has to do with Politics Today. The answer is a very great deal. For a start, the evidence of the building industry suggests that the official statistics for economic activity in this country seriously understate the rate of growth. There is both far more money around and more work being done than are ever officially recorded. There is in fact a mammoth, perhaps even unprecedented boom at least at the smaller end of the building industry, but it has not yet been documented.

Preaching to the converted: Mrs. Thatcher is invited to say "no" to nationalisation.

Sooner or later this is bound to have an effect on the rate of inflation. The shortage of labour and materials will eventually push up costs. Indeed the pages of the Evening News show that this has already happened, and not just in Britain. For the moment the big contractors may be relatively unaffected, but they will be unable to remain immune from the rising costs for long. The costs of public authority projects will start going up sharply: contractors will start seriously overshooting their estimates; and/or completions will be delayed because of the shortage of labour.

One does not wish to dwell on the fact that all this is taking place at a time of very high unemployment, though clearly it can hardly fail to cross the mind. But there is another factor worth stressing. It looks as if the current British boomlet will lead to overheating of the economy, even before the official figures have recorded that there is a boom at all. In other words, we shall be back at the familiar stop position before most people had realised that the economy had started to go.

There is also a point about tax. One does not begrudge the milkman his earnings under his second hat. The great majority of customers indeed are probably only too willing to pay, and to say good luck to him. Yet it is a very funny system under which the avoidance of tax has become the normal state of affairs and perhaps the only way of getting things done.

Some customers may say that that is only the way of the world. They may even prefer the informal relationship that comes from employing a small man who undercuts the established building firm. But they should at least consider the opposite case. In the absence of a contract, there is no guarantee of standards, nor even of completion. There is, in short, no redress should the small man fall down on the job or undertake a task he cannot accomplish. The practice may have gone too far.

The building industry claims to be aware of all these problems. It seems unlikely, however, that a solution is just around the corner. On the contrary, the publicity and propaganda activities of the industry are being devoted to a quite separate battle.

At the party conferences in Blackpool and Brighton in the past few weeks there was one campaign which it was impossible not to notice. It was the Campaign against Building Industry Nationalisation — or CABIN. At Blackpool the girls came in T-shirts. At Brighton there was a huge barrage balloon off the coast and the offer of free drinks. (Since you have to pay to attend most Tory receptions, there were plenty of takers.) But the message was always the same: there is a lot of money behind the campaign to prevent a state takeover of the building industry.

Yet if you think for a moment it is all very odd. Not only did Mr. Peter Shore, the Secretary of State for the Environment, tell the House of Commons on July 12 that the Government has no proposals to nationalise the building and construction industry; even the Labour Party is not calling for an outright takeover.

CABIN, in fact, was founded in response to a Labour Party document, Building Britain's Future, which was approved by the party conference last year. The first part of the document is acknowledged even by spokesmen for building industry employers to be a first rate analysis of the problems. Anyone who wants an introduction to the industry needs to read it.

It is explained very clearly, for example, that the industry has a problem of fragmentation. According to a Department of Employment census, it says, there were in 1975 no fewer than 88,017 private construction firms in Britain. Over 28,000 of these had one employee or none, and over 67,000 had seven or fewer employees. It is these employees who tend to disappear during times of recession. They might be simply unemployed, they might find a job outside the industry, or they might go and work for somebody bigger—one of the attractions nowadays being the Direct Labour Organisations set up by some local authorities to compete with the private sector. (It is not impossible to work for a DLO and to moonlight.)

As it happens, this problem of discontinuity of employment has been recently made worse by a Government attempt at reform. The Finance (No. 2) Act 1975, which came into force in April last year, contains a provision obliging a main contractor to deduct income tax from any payment to a sub-contractor unless the latter has tax-emption certificate 714C. This certificate is only granted if the sub-contractor conducts his business through a bank account and maintains proper records of all his doings for inspection.

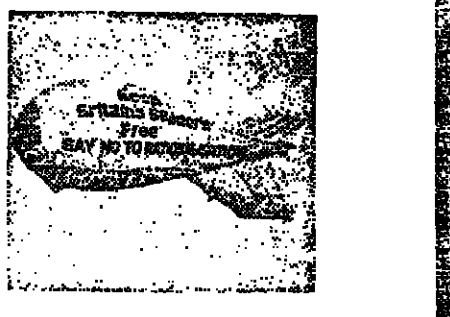
The intention of this section of the Act was to close the tax loophole. Its effect has been that the small building firm now finds it more difficult than ever to find any sub-contractors at all. A very large number of bricklayers, carpenters and plumbers prefer to go off on their own rather than have anything to do with certificate 714C.

To return, however, to Building Britain's Future: its analysis is excellent, but its recommendations are not especially radical. At their strongest there is a call for a publicly owned National Construction Corporation (NCC) "based initially on the acquisition of one or more major contractors and to compete in national and regional construction markets." So far as one can see, it would not be very different in concept from the National Enterprise Board, which so much of British industry seems to have learned to live with, and even to love. But the point to note is that the Government has not accepted the idea of the NCC, let alone of nationalisation

It is therefore difficult to regard the activities of CABIN as anything more than tilting at windmills, and expensive tilting at that. There is a case for reform, but it is not being made. It is unclear, for instance, why it should take three years to train a bricklayer—down from four years not long ago—especially when some of the Government's training programmes now do it in six months. It is equally unclear why a man cannot be trained to be a bricklayer, plumber and carpenter at the same time and in the same apprenticeship. Not least, it passes understanding why some of the smaller building firms cannot group themselves into some kind of federation and share the problems and the work.

True, the problems are not confined to this country. It is plain from recent Bundesbank reports as well as the Evening News that the bottlenecks in the construction industry are going to fuel new fears about German inflation. Of course the industry is heavily cyclical, but time and again it happens: overheating in the building industry is not only a personal inconvenience, it is a curb on economic growth. The sponsors of CABIN might at least try to put their own house in order before fighting some imaginary plan for nationalisation. After all, the state of the industry could hardly be worse.

Malcolm Rutherford



Letters to the Editor

On-the-spot oil dispersant

om Mr. B. Rickman

Sir,—Yet another tanker is led at sea, and beaches, wild e and livelihoods are again opardised. The danger of image by oil is greatly in-eased by delay in reaching the aking vessel with ships carry-g dispersant to deal with the caped oil.

The one ship that is already on e spot is the tanker from ich the leak occurs. There-e, every tanker should be liged by law to carry enough spersant to deal with an inter-tionally agreed proportion of s cargo, plus equipment for raying this at any point ound the ship. Leakage of oil uld then be dealt with by the nker itself in the first instance, fore the slick spread, when the eatment is most effective. The sk of the dispersant-spraying ssels on arrival at the spot uld be greatly simplified by ompt action on the part of the aking tanker's crew preventing e spread of oil, which makes ntrol of the slick so much ore difficult.

ll Rickman.
Ellis Road.
acton-on-Sea, Essex.

Railway through Zaire

nguela Railway Company.
ndon Committee
rom the London Manager.

Sir,—We are so used to high andards of accurate reporting the Financial Times that it is disappointment to read in your cond leader of October 10 the atement that "The Benguela ailway through Zaire and ngola has been crippled by errilla activity in Angola."

While it is true that since the dependence of Angola the Benuela Railway has been subject sporadic guerrilla attack it has ever been "crippled" and has ith brief exceptions continued maintain local traffic services ithin Angola throughout the st 24 years.

The reason for it not being ble to serve the requirements Zambia and Zaire has been e exclusively to political con-derations beyond its control. olitical difficulties have now een withdrawn and the Benuela Railway expects to restore ternational traffic on November 11 next.

r. V. M. Wadsworth,
John Street, WC1.

Energy costs

rom Mr. N. Jenkins

Sir,—Hereford now has pro-osals for a significant combined eat and power (CH&P) genera-on scheme and I would like to mment on developments lead-g to this and results of some onsequence.

At no time has the Midlands lectricity Board, or for that atter APE-Crossley made the ost of this story. The ultimate centive was offered to Bulmers nd Sun Valley, the two indus-ries involved in taking supplies f heat from this unique stallation.

Neither firm could afford to rn down this opportunity and o similar industrialists placed n the same position could afford o do so either. Since Germany as practised CH&P for the last hree decades, offering its industries essential energy supplies on uch the same terms, it is no onder that country has prosered while we languished.

The particular advantage of CH&P at Hereford is that these wo industries will be getting heir heat for some 20 per cent less than they would otherwise have to pay if they produced it for themselves. But that is not the most compelling reason for joining the scheme. They will be enjoying this service without having to find or borrow capital, without having to repay it or even to pay interest. Their capital can be better employed in the manufacturing process than in producing energy. And the total cost of the scheme is put at £3m.

What is more, the MEB will be getting electricity produced at 76 per cent efficiency instead of the 30 per cent of the system average. Everyone gains. There is no reason, of course, why many other industries, as well as householders, should not benefit in this way. The only obstacles are the institutional barriers favouring the electricity industry at the expense of energy overall.

Norman Jenkins.
Whitehill, Ewshot,
Farnham, Surrey.

Roche plant in Scotland

From Mr. R. Musgrave

Sir,—I would be grateful if anyone who approves of the new Hoffman la Roche vitamin C plant can explain to me what is so clever about creating jobs in Scotland when the cost to the taxpayer is over £100,000 per job. I honestly believe school children could get better value for money than this.

I particularly liked the last sentence of John Elliott's article on the subject (October 17): "In Whitehall yesterday they seemed sure they had achieved a considerable coup." The truth of the matter is that it is Hoffman la Roche which has achieved the coup and its directors and shareholders will be having a good laugh about it. If they read the above sentence they may well die of laughter.

R. S. Musgrave.
24, Garden Avenue,
Framwellgate Moor, Durham.

Investment bonds

From Mr. J. Todd.

Sir,—Mr. Greenslade (Oct. 18) is correct to emphasise the tax attractions of investing in single premium bonds (or investment bonds as they are often referred to). While Adrienne Gleeson (Oct. 7) did not mention bonds specifically, it is also true that only a relatively tiny proportion of the population will still be paying higher rate taxes or the investment income surcharge after retirement.

As Mr. Greenslade reminds us, the investment income surcharge is now only an optional tax for the majority of investors. There is little doubt that the investment bond as part of an overall tax-planning exercise can effectively reduce or eliminate the surcharge burden. If, however, the 5 per cent per annum tax-deferred withdrawal facility is to be operated, then it is important to look at the various bonds that can be linked to a high income unit trust. Apart from the more advantageous capital gains tax treatment in comparison with a bond which is invested through an internal fund, a unit trust linked bond can be chosen to yield a net income of at least 5 per cent per annum, which will cover the recommended level of annual withdrawals. Unfortunately, none of the four insurance companies mentioned by Mr. Greenslade offers such a bond.

While property bonds have performed relatively well over the past few years and may continue to do so in the short term, I do not share altogether Mr. Greenslade's unequivocal enthusiasm for them. Commercial property, as with other markets, does tend to follow cycles and the prospects of dearer money could have an impact on the value of bonds over the medium term. In the circumstances, if an investor is relying on his bond producing 5 per cent per annum, it is possible that a situation could occur in the future, not necessarily as severe as in 1973, when the original capital is depleted by a combination of a fall in value of the fund and by annual withdrawals.

It is worth pointing out that many investment bonds today incorporate a switching facility, which if properly used, can help to insulate the underlying capital value from the impact of a bear market situation.

J. Todd.
J. Todd and Co.,
4th Floor, Castle Chambers,
Castle Street, Liverpool.

Blockbusters on TV

From Mr. P. Montagnon

Sir,—Chris Dunkley was kind enough (October 18) to credit me alone with the production of "Civilisation." In fact, it was a happy partnership between Michael Gill and myself.

I think it ill becomes a producer to defend his programmes in print; his best evidence is surely the films themselves. But may I take up one point made by your critic—it is that a "13-part blockbuster" series that sets out to ask questions rather than answer them has an inherent flaw in its conception. The implication seems to be that certainty is a prime requirement of the central figure: the Clark, Bronowski, or Eyre. May I suggest that this requirement may well suit some programme areas, science or art let's say, but be positively dangerous for others. And here I think that religion, the subject of "The long search" is probably one of them.

Peter Montagnon,
Documentary Programmes,
BBC TV,
TV Centre, Wood Lane, W12.

Getting rid of moles

From Maj.-Gen. John Cowley.

Sir, — My letter on some methods of dealing with moles in the garden (Bottoms-up, October 5) has attracted a certain amount of interest, and not only in the correspondence columns of your paper. Apart from some letters and telephone calls, Radio 4 gave it an airing and BBC TV sounded disappointed when they learned, on telephoning my wife, that their camera team would not find a white-haired elderly military gentleman prowling daily around his garden in deer-stalker and gun under arm, waiting for moles to show themselves as I had gone up to the City for my daily round.

There still appears to be a little confusion, however, on the methods described, which you might allow me to amplify. The bottles system does not require empty spirits bottles. If this were a necessity it would mean an expensive, although pleasurable, preparatory phase; any old bottles will do, so long as the neck is above the ground—when using the bottoms-down method, and one does not need to plant a lot of them; three or four will usually suffice for an area the size of a tennis court, if sited strategically. You must, of course, remember to empty out the rain-water occasionally, so the wind passing over the neck can generate the necessary whistling sound which the mole dislikes.

When resorting to the gun, you do not wait for the enemy to come into view, as he very rarely appears above ground, but you fire into the mole hill when burrowing is in progress. This is easily ascertained by the freshly dug earth, and, if you stand by quietly, you will see the earth moving in the centre of the pile. Only this week, I have had two testimonials on the effectiveness of this approach. As this latter method means that one is firing into the ground only 30-40 inches in front of ones own feet, it would be downright dangerous for any of your readers to go through the preparatory requirements of acquiring sufficient empty bottles of a certain kind just before taking to the gun.

Each method should be practised in isolation, and neither of them are of much help in acquiring sufficient undamaged skins for a mole-skin waistcoat—but they do get rid of your moles.

John Cowley.
The Old Post Office,
Nuthurst, Horsham, Sussex.

Air fares scramble

From the Immediate Past Chairman, Institute of Travel and Tourism

Sir,—Colin Boyce suggested (October 16) that scheduled air carriers should turn their attention to reducing fares for their biggest customer, the business traveller. Suggesting that the existing fare structure was unfair to this sector a spurious list of inconsequential extras was produced.

But what of the ability to book at the last minute and find that the airlines have purposely saved some seats for business travellers. And what of a range of flights so as to provide to many destinations, a flight at almost any time convenient to a businessman?

Price discrimination is an unsatisfactory but eminently practical way of maintaining the services the travelling businessman vitally needs. Big reductions in standard fares will inevitably lead to lower frequency, and on some routes, no flights at all.

Some travel agents specialising in this field say that, on average, the businessman changes a booking at least once, while many itineraries are altered three or four times. This is not being fickle, but merely reaction to commercial necessity.

Thus, an aircraft may appear to be fully booked but after check-in has been completed ends up with a quarter of the seats empty.

In Britain airlines are not at the moment raising cancellation charges, even for no-shows.

Would Colin Boyce like to see fares cut, and instead be responsible for the collection of such charges?

Certainly, I agree that this is a serious problem. But it will not be solved by experts in the field putting popular opinions of dubious benefit.

Allan Beaver,
Staines House,
158-162, High Street,
Staines, Middlesex.

Exchange controls

From Mr. M. Brady.

Sir,—Mr. Platt (October 16) argues that if sterling is sold to non-residents "sterling is devalued and our foreign currency reserves are depleted." But he cannot have it both ways: either sterling is allowed to depreciate or the foreign exchange reserves are run down in an attempt to maintain the external parity. Moreover, it is misleading to argue that "without these reserves we cannot pay for our imports." The UK's ability to import ultimately depends on world demand for its exports, confidence in sterling and other underlying factors the influence of which can perhaps be postponed by government intervention but never finally avoided.

Indeed exchange controls, as they operate at present, and any further restrictions may well be counter-productive. If the Government were to refrain from inflating the currency, we should expect the exchange rate to stabilise and indeed to appreciate. This would be in marked contrast to the chronic tendency for sterling to fall, a depreciation which exchange controls have signally failed to prevent.

Mark Brady,
Department of Economics,
University College, Cork.

Warwick vase replica

From Mr. R. Hanka

Sir,—Mr. Francis Collin (October 13) wonders whether it would not be within the capability of modern technology to make a full-sized replica of the Warwick Vase. Such a full-sized replica made more than 100 years ago stands in front of the Senate House of the University of Cambridge.

R. Hanka.
Gonville and Caius College,
Cambridge.

Resting on tax concessions

From Mr. D. Roper

Sir,—Michael Blanden's article on "Home loan funds and the banks" (October 11) is most interesting. If the banks are granted tax advantages to enable them to compete with building societies, other institutions will claim the same privilege.

It is no alternative for a bank to form a building society which becomes a separate entity under the Building Societies Acts. Ultimately the parent body loses whatever control it had. This has happened.

The article poses an idle thought. Why is it that the most powerful and flourishing institutions rest on tax concessions, viz. building societies and pension funds?

D. H. Roper.
Heath End,
The Common,
Chipperfield, Herts.

London's inner road system

From the Chairman, London Chamber of Commerce and Industry

Sir,—With reference to the report of October 12 on the Greater London Council report on the M25, the M25 is the natural terminal of the national motorway network and will be very important in diverting heavy traffic from unsuitable routes in London. The London Chamber of Commerce and Industry recognises the danger that the M25 might attract industry and commerce away from inner London which is why it must not be built in isolation. It is essential that there is an adequate complementary road programme within the M25 to encourage industry and commerce in the inner city areas. It is now time for London to receive assistance with its road programme on the scale that assisted areas have received during the past two decades.

D. J. King.
69, Cannon Street, EC4.

Today's Events

GENERAL

Prime Minister visits Hoover washing machine factory, Merthyr Tydfil.

Duke of Kent officially opens International Motor Show, International Exhibition Centre, Birmingham.

Council for the Securities Industry — the City's self-regulatory body—meeting to discuss Changes in Company Law White Paper.

Prince Charles attends National Economic Development Office industrial strategy sector working party meeting on radio, radar and electronic capital goods.

President Walter Scheel, of West Germany, and Count Otto Lambsdorff, Economics Minister, on visit to New Zealand and Australia.

Agricultural Machinery Exhibition opens in Peking—the first international trade fair to be held in China.

Statement by British Rail on improved rail freight services.

Mr. Merlyn Rees, Home Secretary, addresses by-election meetings at Pontefract and Featherstone.

Public examination in bankruptcy of Mr. William Stern.

Law Society conference continues, Pavilion, Bournemouth.

OFFICIAL STATISTICS

New construction orders in August.

COMPANY RESULTS

Final dividends: Sidney C. Banks. Lowland Investment Company. Peter Stores. **Interim dividends:** Allebone and Sons. M. F. North. Taylor Pallister and Company. **Interim figures only:** Tebbitt Group.

COMPANY MEETINGS

Heron Corporation, Heron House, 19, Marylebone Road, NW, 12. David Nelson, Dragon Hotel, Kingsway, Swansea, 12. Palmerston Investment Trust, Winchester House, 77, London, EC, 12. Alfred Walker, Swan Hotel, Coleshill, Birmingham, 12.

SPORT

Golf: European Open Golf Championship, Walton Heath. **Tennis:** BMW Challenge, Women's International Tournament, Brighton. **Racing:** Catterick; Newmarket; Lingfield; and Market Rasen.

COMPANY NEWS

U.S. setback leaves DCM with £3m loss midway

ANNOUNCING a turnround of £3.7m to a loss of £2.96m for the first half of 1978 Lord Westwood, chairman of Dunbee-Combex-Marx, the toys and plastics group, warns that current year profits will probably be lower than the peak £6.43m achieved in 1977.

This is contrary to the optimistic statement made five months ago when the directors envisaged a year "in keeping with the group's past profit performance." The setback is blamed on a reduction in overseas earnings and increased interest rates.

Meanwhile, Mr. R. J. Beecham, joint managing director, said yesterday that the company plans to apply for a listing on the New York Stock Exchange as soon as its U.S. operations are on a more profitable basis.

Under normal circumstances negotiations for a U.S. quote would have already started but the company's bad first half results had postponed this move.

In July giving information about the acquisition of Aurora Products the chairman said that the impact of Aurora was likely to increase the seasonal emphasis of DCM's profits. Consequently an even greater proportion of the year's profits would come in the second half.

Lord Westwood stresses, however, that this year, apart from the normal seasonal factors, the purchase of Aurora has had a significant impact on the group's operations. The major exercise of integrating Aurora's various U.S. facilities was largely completed between April and July and this subsidiary is currently exceeding the budgets set at the time of the acquisition.

The chairman reports that at Marx America the order inflow is currently below the trends established and reported for the first half-year. Much greater management control is being given to Marx, although the effects of this will not be reflected until next year.

The problems in the German subsidiary have not been resolved. The group is investing heavily in advertising and promotion in this market but the benefits will be longer term. There will be a loss this year.

Meanwhile in the UK, companies in the toy division continue to improve. Last year's problems at Louis Marx Swansea have been resolved and indications are that full-year's results in this country should exceed last year.

The DIY and industrial division have already exceeded last year's total profits; all the major companies are progressing well and a record year is confidently expected.

The chairman says that as usual, the figures from the successful agreement with the USSR are excluded at this stage. As soon as a joint statement has been agreed the group will announce an important commercial trading agreement with China.

Turnover in the first half of 1978 amounted to £39.15m (£37.71m).

See Lex

INDEX TO COMPANY HIGHLIGHTS

Hawker Siddeley shows £10m rise at halftime

EXCLUDING THE former UK aerospace subsidiaries trading profit Hawker Siddeley Group showed a rise from £43.9m to £48.6m in the six months ended June 30, 1978.

Interest received is up from £1.43m to £6.95m reflecting the inclusion of £5.33m arising from the nationalisation compensation. This figure includes £2.5m relating to 1977, of which £0.6m relates to the first six months. After taking all this into account the pre-tax profit comes through ahead from £45.33m to £55.56m.

Group sales in the half-year totalled £480m compared with £494m which included £83m in respect of the former UK aerospace subsidiaries for four months. Exports amounted to £177m (£149m including £29m for the former subsidiaries).

After providing for tax and minorities and adding in last time a net four months' contributions of £4.48m for the nationalised companies the net balance attributable to Hawker emerges at £24.77m against £25.29m, giving earnings per 25p share of 12.6p (13.2p).

Referring to the nationalisation the directors point out that the compensation of £60m was satisfied by the issue of 9¾ per cent Treasury stock which has subsequently been sold and is in addition to the repayment of loans amounting to £48.7m. The compensation will give rise to a surplus of some £33m over the book amount of the shares and this will be shown in the full accounts as an extraordinary item not forming part of the trading result.

The directors say that they have studied the relevant factors and courses open to the application of these funds and have concluded that the best course is to seek to reinvest them in the development and expansion of the business.

	First half 1978 £000	First half 1977 £000
Sales—		
UK subsidiaries	338,000	270,000
Overseas subsidiaries	142,000	141,000
Former subsidiaries	—	83,000
Total	480,000	494,000
Trading profit*	48,610	43,903
Interest	6,954	1,425
Profit before tax	55,564	45,328
Taxation†	29,557	23,093
Net profit	26,007	22,235
Minorities	1,237	1,420
Profit of former subsds.	—	4,478
Attributable	24,770	25,293

* Excluding former UK aerospace subsidiaries. † UK £24.88m (£17.87m) and overseas £4.57m (£5.23m).

A number of changes to the group's structures have taken place during the year. An offer to acquire control of Carlton Industries became unconditional on June 27 and the cost to the group of the resulting 51.9 per cent interest was £22.9m in cash. The agreement provided for a further offer to be made in 1981 for the remainder of the capital. Carlton will be consolidated in the group accounts from July 1, 1978.

In July the group purchased for £7.7m cash 19.6 per cent of J. H. Fenner; in August the Province of Nova Scotia opted to acquire certain assets of the Halifax Shipyards division of Hawker Siddeley Canada for about C$0.5m; while in August an offer was made by Comben Group (a Carlton offshoot) for the capital of Orme Developments which has been accepted to the extent of 83 per cent of the capital and is still open.

The interim dividend is raised from 1.8848p to 2.1047p net. In addition there is a second interim of 0.0334p in respect of 1977 which brings the total for that year to 4.1192p. The 1977 pre-tax profit amounted to £95m.

In accordance with the previous approach, full provision has been made for deferred tax in the 1978 first half results. Application of the revised tax method set out in SSAP 15 would be to increase the profit attributable to Hawker to £37.0m.

The directors point out that the interim report does not reflect the favourable difference arising on translation into sterling of overseas net assets which was due to the slight weakening of sterling in the six months to June 30, 1978. The group's current practice is that this adjustment is treated as an extraordinary item, not forming part of the trading result, in the accounts for the full year.

See Lex

Terry Kirk

Sir Arnold Hall, chairman of Hawker Siddeley

Coates Bros. up at six months

FOR THE first half of 1978 taxable profit of Coates Brothers and Company climbed £461,000 to £5,192,000 on turnover ahead from £41.13m to £44.08m.

Sir Richard Meyjes, chairman, says both sales and profits show an improvement on the good results of the first half of 1977 and profits are substantially better than those for the second half of last year.

But up to the present time there is no evidence of any upturn in demand for the majority of group products either in the U.K. or in the main overseas markets, and he says it is unlikely that second half profits will show any further advance on the first six months. For all 1977 a £9.56m profit was achieved.

After tax of £2,996,000 (£2,696,000) net profit came out at £2,196,000 (£2,035,000) before minority interests down from £159,000 to £142,000.

The interim dividend is up from 0.77496p net per 25p share to 0.86537p, and an additional 0.02348p is to be paid for 1977. The interim will absorb £350,143 and the supplementary payment £9,500. Last year's final was 1.54992p.

The group makes printing inks and supplies for the printing industry, synthetic resins and other industrial surface coatings.

● comment

Coates Brothers' figures reflect a dull trading background. Half time pre-tax profits are ahead by just under 10 per cent and sales are higher by 7 per cent. In volume terms the underlying performance from both inks and coatings has been flat both at home and overseas—the UK side still accounts for more than half of sales—and there is little hope of any real improvement in the second six months, although the comparable period was depressed. So unless there is any dramatic unforeseen change in trading conditions Coates could produce pre-tax profits of £10.4m this year—the highest to date—even with an unexciting sales picture. Last year the second half setback reflected the weakness of the pound and a drop in raw material costs which undermined selling prices. Even so the market is unlikely to get encouraged by the full year prospects. At 76p the prospective p/e is 6.6 and the yield is 5.1 per cent assuming a 10 per cent increase (the company has no chance of increasing the dividend under the cover rules).

General Scottish to increase

FOR THE year ended March 31 1979, the directors of General Scottish Trust estimate that pre-tax revenue will increase from £563,000 to £642,000, from total income of £800,000 compared with £718,000.

Revenue is after allowing for management expenses of £30,000 (same) and interest charges of £108,000 against £105,000.

Corporation tax takes £83,000 (£103,000) and tax credits applicable to franked investment income £159,000 (£124,000), leaving estimate available revenue for ordinary holders up £64,000 to £387,000.

Net assets per 25p share are shown at 122p (106p), assuming conversion of convertible unsecured *loan stock* and after deducting all prior charges at nominal value.

The interim dividend is kept at 1.5p net—the 1977-78 final was 1.85p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alginate Inds. ......int.	4.54	Jan. 2	4.47	—	13.9
Brycourt Inv.	1.55	Nov. 21	2.15	2.55	2.15
Burndene Invest.	0.5	—	0.5	1	1
Can. and Foreign Inv. int.	1.5	Dec. 11	1.25	—	3.6
Coates Bros and Co. int.	0.87	Jan. 2	0.77	—	2.33
De Vere Hotels ......int.	2.23	Jan. 8	1.99	—	4.65
Eastern Produce ......int.	1.34	Dec. 8	1.32	—	4.35
Free State Geduld	**185	Dec. 8	150	315	240
General Scottish int.	1.5	Jan. 4	1.5	—	3.35
Gerrard and National int.	4	Dec. 7	4	—	8.82
Guildhall Property	2.05	—	1.91	2.89	2.7
Hawker Marris	1.97	Dec. 14	1.79	—	6.36
Hawker Siddeley ......int.	2.1	Dec. 29	1.88	—	§4.1
House of Lerose ......int.	1.83	Dec. 12	1.83	‡—	3.95
Industrial & Gen. Tst. int.	0.7	Dec. 6	0.6	—	1.73
F. J. Lilley ......int.	1.12	Nov. 29	1	—	2.5
London & Montrose 2nd int.	4.65	Nov. 24	4.25	5.9	5.25
Lon. Scottish Finance	1.37	—	1	2.14	1.7
London Shop	2.14	Dec. 14	2.11	3.03	2.99
Pres. Brand	**85	Dec. 8	60	150	130
Pres. Steyn	**50	Dec. 8	10	80	20
Sandhurst Mrktg.	1.01	Dec. 6	0.58	1.59	0.85
Scottish Mortgage ...int.	1.4	—	1.2	—	3.3
Spencer Gears	0.42	Jan. 4	*0.35	0.67	*0.5
United Engrg. ......int.	1.35	Dec. 5	1.11	—	2.22
Welkom Gold	**40	Dec. 8	27.5	65	35
Western Hldgs.	**225	Dec. 8	140	415	280

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 2.5488p final forecast. § Includes additional 0.0632p now payable. ¶ Includes additional 0.0334p now payable. ‖ Includes additional 0.02348p now payable. ** South African cents throughout.

Alginate Inds. off £0.6m so far and sees less for year

FOR THE six months to July 1, 1978, pre-tax profit of Alginate Industries fell from £1.76m to £1.15m on turnover £1m higher at £9.47m, and directors say profit for the year is likely to be substantially lower than the £2.78m achieved last year.

They say increased costs, competition and the strength of sterling all affected margins. The company has also suffered from industrial action. In August they reported that the larger of its extraction factories had been affected by strikes and that it had been unable to achieve the extra production needed to compensate for plant teething troubles. Some orders would be lost and profits would be affected, they said.

After tax of £270,000 (£548,000), net profit was £884,000 against £1,212,000. Earnings per 25p share are shown down from 21.9p to 15.89p.

The interim dividend is ahead from 4.4677p to 4.5354p. Last time a 9.4938p final was paid.

● comment

As expected, Alginate's first half fell well short of last year's record interim result. But the shares which slid 5p to 245p on Wednesday dropped a further 5p after the news yesterday. And, with second-half prospects not particularly bright, the price still looks a bit on the high side. Full-year profits are likely to be around £1.8m (compared with £2.75m last year) giving a prospective p/e (assuming the low first-half tax rate is maintained) of 9.3 or on a fully taxed basis 14.9, while the prospective yield is 9.9 per cent (covered 1.65 times). On the trading front, demand is not strong and the volume of sales was down on directors' expectations earlier this year. Increased costs and the strength of sterling are also making inroads into margins. In addition the company has been experiencing industrial unrest recently that will further affect second-half figures.

Canadian & Foreign earnings up

Earnings per 25p share of Canadian and Foreign Investment Trust increased from 2.06p to 2.14p in the six months ended September 30, 1978.

Total income rose from £272,092 to £300,798. After interest of £37,260 (£13,473), management expenses £17,746 (£13,771) and tax £97,701 (£103,543), the balance available for ordinary holders comes out at £143,278 (£137,392).

The interim dividend is raised from 1.25p to 1.5p—the total for 1977-78 was 3.6p paid from earnings per share of 4.2p.

Net assets value after deducting prior charges at par was 162p (149p).

Municipal Properties

WITH RENTS receivable up from £82,190 to £105,295, net profit of Municipal Properties increased from £88,217 to £109,786 in the first half of 1978 after all charges including tax of £57,000 against £47,000 last time.

The profit includes a £55,046 (£25) surplus on the sale of property by the dealing subsidiary. Also, the £138,914 (£7,885) surplus by the holding company from the sale of property has been credited to reserves in previous years.

For all 1977 net profit was £83,000 and a dividend of 5.095p net per 50p share was paid.

Saint Piran discussing board changes

Saint Piran, the controversial mining and construction group, is interviewing candidates for the role of chief executive and is believed to be favourably considering the appointment of a non-executive director as well.

Several shareholders and the brokers of Saint Piran, Joseph Sebag, have requested the appointment of a non-executive director. Mr. Robert Morrison, chairman of Planned Savings Life Assurance met with a director of Saint Piran earlier this month. He requested a strengthening of the board in view of what he called the "crisis of confidence" in the company. Saint Piran is expected to make its decision in the near future.

The City Panel of Take-overs and Mergers censured Saint Piran over a share deal last August.

Sandhurst Marketing on strong growth trend with 157% jump

WITH SECOND half profits trebled at £189,209 compared with £63,513, the pre-tax figure of Sandhurst Marketing for the full year to June 30, 1978, jumped 157.4 per cent from £113,513 to £292,209, on turnover up £0.6m at £3.76m.

As already known, the company is to change its year-end to January 31. The directors are confident that profits for the next 7-month period will substantially exceed the figure of £103,000 earned in the half year ended December 31, 1977.

After tax of £164,386 (£69,503) and a £5,260 charge this time, relating to the acquisition of a stationery store, net profits for the year increased from £44,010 to £122,563.

From stated earnings of 5.13p (1.77p) per 10p share, the dividend total is lifted from 0.8538p to 1.5914p net, with a final payment of 1.0084p. A one-for-two scrip issue is also proposed.

A divisional breakdown of turnover and profits before tax shows respectively: stationery and allied products £2.81m (£2.43m) or 74.83 per cent (76.81 per cent) and £187,676 (£23,982) or 64.23 per cent (21.13 per cent); automotive and industrial chemicals £946,143 (£733,117) or 25.17 per cent (23.19 per cent) and £104,533 (£89,531) or 35.77 per cent (78.87 per cent).

On a CCA basis, adjusted pre-tax profit is £213,500 (£22,400 loss), after additional depreciation of £52,400 (£49,400) and cost of sales of £60,800 (£141,800), offset by £34,500 (£55,300) gearing.

In his annual statement, Mr. B. D. Hulme, the chairman reports that after standing still for a short time, the company is "now rapidly on the move again."

He states that Spectra Automotive and Engineering Products has increased its turnover by 28 per cent to £946,143, with its export orders growing and its home trade expanding satisfactorily.

Sandhurst (Stationers) is progressing satisfactorily and increased turnover 13 per cent to over £1.8m. It has taken on two further agencies allied to computers which with its existing customer connection should give an enormous growth potential, says Mr. Hulme.

The group's direct mail order activity is proving to be a good investment, while William Johnson and Sons (London) is progressing well with an increased turnover of 22 per cent and the chairman is optimistic for its future. The Art Shop in Kingston had a good year with a 16 per cent sales rise, he adds.

The group balance sheet shows no short-term bank loans and overdrafts compared with a £285,518 total last time.

To give a fairer presentation of the group's financial state, the directors have revalued the head office and main warehouse at Crawley. This has produced a surplus on revaluation of £760,003 and has been transferred to reserves.

Members' interest in the group's net assets now represents 63.2p per share.

Meeting, Crawley, November 17, 10.30 am.

● comment

Sandhurst looks to be out of the woods with profits slightly higher than the peak level of 1974-75. Management changes, a severe pruning of the sales force and some diversification—direct mail and retail outlets—have all combined to put the company back on its feet. The balance sheet is also looking much healthier following a revaluation of the head office and a reduction in borrowings: debt now represents less than a third of shareholders' funds. However, a p/e of 8.2 and yield of 5.7 per cent at 43p would suggest that the market is looking beyond these figures. So Sandhurst needs to prove itself, although current trading would suggest that the company is moving in the right direction.

London Shop rises to £0.65m

TURNOVER OF the London Shop Property Trust improved from £4.05m to £4.98m in the year ended April 30, 1978, and profits before tax were higher at £652,834 against £538,079 in the previous year.

Earnings per share are stated at 3.5p against 1.3p and the final dividend is 2.1438p making a total of 3.0318p compared with 2.9868p.

A valuation of the group's properties was made on April 30, 1978, details of which will be included in the annual report.

	Year 1977-78 £	Year 1976-77 £
Turnover	4,980,645	4,049,355
Property revenue	1,420,117	1,266,740
Prop. invest. trading	412,079	342,453
House building loss	68,330	172,588
Hotel trading loss	—	19,595
Invest. income	35,316	38,117
Associates	81,856	178,383
Excep. housing develop. costs	113,134	—
Net interest	1,128,072	1,121,321
Mortgages loss*	—	27,000
Profit before tax	652,834	538,079
Tax	222,558	364,449
Net profit	430,276	173,630
Minorities	8,914	6,557
Extraord. loss	209,675	†581,599
Exchange loss	39,577	1290,065
From gen. reserve	240,252	‡1,061,654
Available	646,729	697,826
Preference div.	23,255	23,255
Interim div.	105,004	103,424
Final div.	231,508	249,716
To general reserve	16,029	71,892
Forward	286,933	247,539

* Loss on redemption. † Profit. ‡ To reserve.

HUNTLEIGH BUYS MINORITY

Huntleigh Group, with interests in electronics, engineering and medical equipment, is to mop up the 24 per cent minority interest in Micro-Image Technology through an issue of shares.

Huntleigh has held 76 per cent of Micro-Image's shares since 1975 and is purchasing the 24 per cent stake from Mr. E. M. Juleff and Mr. K. Clark, who have entered into new six-year service agreements. To effect the purchase Huntleigh is issuing 518,518 of its ordinary shares of 10p.

However, the holders of the new shares are not entitled to receive the interim dividend of 1.3p net per share announced on September 14 and payable on November 3, nor permitted to receive the five-for-two scrip issue announced at the same time.

F. Lilley improves 27.9% to £1.8m in first half

PROFITS BEFORE tax of F. J. C. Lilley rose 27.9 per cent to £1.76m in the half-year ended July 31, 1978, compared with £1.37m in the corresponding period last year.

Margins are still affected by the shortage of work in the UK and the record profit was only achieved by another substantial increase in activity as turnover increased by 43.8 per cent to £34.76m, the directors report.

However, the present order book level ensures a satisfactory performance during the second six months and into next year.

Earnings per share for the first half are shown at 5.06p against 4.41p and the interim dividend is lifted from 1p to 1.116666p absorbing £185,790 (£162,667). The total payment last year was 2.5p from pre-tax profits of £3.11m.

The group continues to trade successfully overseas but competition is keener, the Board states. Every effort is being made at home and overseas to ensure the successful trading record continues.

	Half year 1978 £000	1977 £000
Turnover	34,757	23,839
Trading profit	2,767	2,080
Depreciation	1,076	714
Interest received	66	7
Profit before tax	1,757	1,373
Tax	915	720
Net profit	842	653

Full provision has been made for deferred tax but this will be reviewed in the year's results in the light of the new accounting standard. For the first time depreciation has been provided on freehold buildings in accordance with the appropriate new standard.

The group's liquidity position has strengthened as is reflected in the increased interest receipts, the directors say.

Under the terms of the trust deed the remaining £122,205 loan stock which was outstanding on January 31, 1978, has been converted and a further 371,197 ordinary shares have been issued.

The group trades as a civil engineering and public works contractor.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Allebone, Chamberlain Group, Fairview Estates, Stanley Miller, Taylor Pallister, E. Upton.

Finals—Sidney C. Banks, Helical Bar, Lowland Investment, Newman-Tonks, Peters Stores, Pochin's, Rosehaugh.

FUTURE DATES

Interims—	
Allied Irish Banks	Nov. 1
Ambrose Investment Trust	Nov. 7
Beales (John)	Oct. 31
Bishopsgate Trust	Oct. 23
Booth International	Oct. 24
Bradford Property Trust	Nov. 7
Greenbank Industrial	Oct. 25
Melville Dundas and Whitson	Oct. 30
Reed International	Oct. 31
Finals—	
Hepworth (J.)	Oct. 31
Pearce (C. H.)	Oct. 23

Industrial & General up £0.47m

PRE-TAX REVENUE of Industrial and General Trust jumped from £3.29m to £3.76m in the September 30, 1978, half year after debenture and loan interest of £1.03m against £1.12m and administration expenses down £13,035 to £144,460.

Total gross revenue was £4.93m against £4.58m with unfranked income accounting for £1.77m (£1.88m).

After tax of £1.35m (£1.23m) and preference dividends of £580,000 (same) available profit was £2.41m (£2.07m). The interim dividend is lifted from 0.6p to 0.7p net per 25p share and absorbs £1.5m (£1.27m).

At September 30 the valuation of investments was £188.45m compared with £169.24m at March 31, and net current assets were £2.42m (£344,973 liabilities). Net asset value per share—including the full investment currency premium of 5.9p (5.3p), fully diluted and after prior charges deducted at par—is shown at 78p (67.5p).

Dutch side hits House of Lerose

WITH A further deterioration in the position in Holland, taxable profit of House of Lerose dipped from £605,040 to £564,071 in the first half of 1978. Sales were ahead from £7.57m to £8.08m, and the profit includes exchange gains of £64,025 compared with losses of £15,636.

Mr. M. K. Rose, the chairman, says he warned in his annual statement that the group had not been wholly successful in controlling rising costs in Holland. This position deteriorated and the group is now faced with much reduced profitability. Extensive re-organisation is however taking place to improve efficiency and performance, and he expects that by 1979 Lerose will see favourable results from this action.

In the UK there was a further increase in demand and the group is trying to step up production capacity to meet this demand. The fabric and yarn dyeing divisions are trading profitably.

Net profit came out at £308,737 (£290,698) after tax of £255,334 (£314,342), and earnings per 25p share are shown at 5.42p (5.1p) including exchange rate adjustments, and at 4.22p (5.49p) excluding the adjustments.

The interim dividend of 1.83p net compares with 1.8263p and subject to satisfactory results, directors intend recommending a final of 2.5483p for a 4.3783p total compared with last year's 3.9472p. For 1977 profit totalled £1.01m.

Burndene up to forecast

IN LINE with the April profit forecast of some £300,000 for the year ended May 27, 1978, Burndene Investments has turned in £312,864 but the figure is still well below the £579,803 achieved in 1976-77. Turnover amounted to £9.26m, against £10.79m.

As expected the caravans and mobile homes division made a loss—£204,000 against profits of £230,000, but hosiery and knitwear improved its profit contribution from £235,000 to £324,000 while property activities made £165,000 (£87,000). Administration and finance again took £28,000.

Group profits at halfway had fallen from £256,833 to £105,448.

	Year 1977-78 £	1976-77 £
Turnover	9,259,275	10,794,289
Trading surplus	778,890	982,140
Interest	285,026	219,386
Depreciation	180,998	182,851
Profit before tax	312,864	579,803
Tax	235,149	280,157
Net profit	77,715	299,646
Extraord. debits	50,000	27,200

Earnings per 5p share are shown at 0.8p, against 3.4p, and the final dividend is a maintained 0.5p making an unchanged 1p for the year. Dividends absorb £100,131 (£89,138) including £6,667 for the additional final for 1977.

The value of goods exported during the year was £1.39m (£3.14m)—all to European countries.

The tax charge of £235,149 includes a transfer to deferred tax of £98,225 and the balance is subject to relief by ACT leaving £57,116 payable principally in May next year.

Acquisition aids United Engineering

INCLUDING A £123,000 contribution from the newly acquired Link Electronics, taxable profit of United Engineering Industries jumped from £389,000 to £684,000 in the July 31, 1978, half-year.

Turnover for the period was well ahead from £2.61m to £4.42m. After tax of £356,000 compared with £202,000, net profit came out at £328,000 against £187,000.

The interim dividend is raised from 1.1106p net per 10p share to 1.35p. For all of last year profits totalled a peak £1.01m and a 1.1106p final was paid.

In June it was reported that the first few months of the year had continued to show satisfactory profit levels and a progressing trend in all subsidiaries.

Brycourt Inv. sees early capital distribution

AFTER TAX and expenses totalling £241,552 against £207,094 net profit of Brycourt Investments rose from £175,929 to £194,216 in the September 30, 1978, year. Gross income was £435,768 compared with £382,923.

A second interim dividend of 1.55p net is to be paid for a gross equivalent total of 3.806p compared with 3.25p per 50p share. The directors also expect the liquidator of the company to be able to make a substantial first capital distribution at an early date.

Directors say that having decided to liquidate they took immediate steps to sell the stock exchange investments and to repay the U.S.$2m multi-currency loan at a cost of £1.01m.

The property subsidiaries were sold to Versa Holdings on September 29 for £1.52m based on the net asset value of the companies, taking into account a current open market valuation. The aggregate pre-tax capital profit on this transaction was £965,000.

At year end the unaudited balance sheet shows net assets applicable to ordinary holders of £9.3m, or some 133p per share.

They point out that on taking office the liquidator must make his own independent judgment of the company's assets and liabilities, but they believe that following the prompt realisation of investments and the repayment of the loan they have made it possible for the liquidator to make an early and substantial capital distribution.

Spencer Gears begins well after record £390,240

With turnover up 10.9 per cent to £4.34m pre-tax profit of Spencer Gears (Holdings) rose from £365,283 to a record £390,240 in the June 30, 1978, year. At half-time profit was up almost £4,000 or 3.8 per cent to £105,776.

Directors say the upsurge in turnover has given a good start to the current year with order books larger than at the same time in 1977.

In the year the subsidiary Southern Industries (Coolers) increased its share of a declining market, while progress was made at Spencer Gears at Leicester following changes in management and in marketing approach. The company is planning to extend the factories of Southern Industries (Croydon) and Spencer Gears at Leicester.

After tax of £50,587 (£186,553) based on ED 19 net profit was £330,653 (£178,750) and earnings per share are stated at 3.62p (1.81p) based on the diluted tax charge and 2.15p (1.96p) on the full tax charge. The final dividend of 0.4165p takes the annual total from an adjusted 0.548p to 0.6065p net per 5p share.

	1977-78 £	1976-77 £
Turnover	4,343,373	3,915,938
Trading profit	440,023	418,107
Interest	49,783	52,824
Profit before tax	390,240	365,283
Tax	59,587	186,553
Net profit	330,653	178,750
Interim dividend	17,357	17,357
Final	38,048	32,293
Retained	275,248	129,100

Progress at Armstrong Equipment

Despite the stagnation of the auto manufacturing industry and engineering generally in the UK, the strategy followed by Armstrong Equipment will continue to move the group forward at an above average rate, Mr. J. H. Hooper, the chairman tells shareholders.

Internal growth has been generated by greater concentration on making and distribution of automotive replacement parts while there were four acquisitions during the past year, including both fastenings and automotive parts companies.

For the year ended July 2, 1978, profits before tax improved from £6.1m to £8.67m from external sales of £83.66m (£67.43m).

Export levels were maintained during the year and improved except in Spain. Supplies of automotive parts to the EEC, particularly Germany increased considerably.

Several new products were developed by the product engineering division including a heavy truck shock absorber and a gas spring. New designs and construction of silencer systems have also been developed and will be incorporated in factories in Hull.

Meeting, Waldorf Hotel, W.C., November 14 at noon.

Lower tea prices depress Eastern Produce midway

REFLECTING LOWER tea prices, pre-tax profits of Eastern Produce (Holdings) fell from £4.08m to £1.52m for the first half of 1978, on reduced turnover of £8.84m against £11.18m.

Profits included a sharply cut contribution from associates amounting to £521,000 against £1.74m, resulting from the inclusion of a loss of £323,000 from Associated Fisheries compared with a £884,000 profit last time.

Operating profits and investment revenue dropped from £2.32m to £1.08m and there were losses of £34,000 (£11,000 profits) arising from the conversion of overseas net current assets.

Stated earnings, before extraordinary items, slumped to 7.02p (21.8p) per 50p share, while the interim dividend is 1.34p (1.32p) net—last year's final was 3.03p from £7.16m taxable profit.

Attributable profits for the half year were down £0.57m to £1.36m, after a tax charge of £852,000 (£2.06m) and taking in extraordinary credits amounting to £696,000 (£86,000 debits).

Extraordinary credits include £535,000 being the recovery of a debt from Angola against which a provision has been made in previous years.

Matthew Clark & Sons (Holdings) Ltd

[This section is the end of the Eastern Produce story; the Matthew Clark & Sons advertisement is transcribed further down.]

the first six months of 1978 will be maintained in the second half, Sir Arthur Sugden, the chairman, warns members in his interim statement. However the company should not be prevented from showing a further satisfactory advance at full time compared with 1977 when taxable earnings were £1.15m.

Sir Arthur explains that performance would be adversely affected because money costs increased during the second quarter and it is now evident that these higher levels may persist throughout the rest of the year. Added to this the Bank of England has reintroduced the supplementary special deposit scheme.

As known, at half time profit was more than doubled to £940,000 (£409,000) on turnover ahead from £21.88m to £24.19m.

Downturn in first half at Hawker Marris

With sales down from £1.99m to £1.79m taxable profit of Hawker Marris, tableware manufacturer, slipped to £99,166 compared with £120,184 in the six months to July 1, 1978.

Mr. R. N. Wadsworth, the chairman, says exports have been buoyant and 31 per cent above 1977. Home sales were, however, affected in the early part of the year by the general recession in consumer spending.

The position of the home order book has since improved and the good export performance is expected to be maintained. Subject to unforeseen contingencies, he expects the second half profit to at least match the first half level. For all 1977 profit totalled £236,000.

After tax of £15,000 (£62,500) in the first half, profit was £84,166 (£57,684). The interim dividend is up from 1.79p net per 25p share to 1.97p. Last time a 4.67p final was paid.

Six months deficit for Stylo Shoes

Losses before tax of £239,512 have been incurred by Stylo Shoes for the 26 weeks ended July 29, 1978 compared with a deficit of £330,180 in the same period last year. Sales were higher at £10.88m against £9.48m.

The loss this time is after bank interest of £161,597 (£191,872) and interest on debentures mortgages and loans, £86,184 against £88,250.

In 1977-78, the group reported pre-tax profits of £992,000—at the annual meeting, Mr. I. A. Ziff told members that historically, the group showed poor figures in the first half and the second six months was invariably the better half of the trading year.

F. C. Finance warns of slowdown

It is unlikely that the profit level achieved by FC Finance in

BANK RETURN

—	Wednesday Oct. 18 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	27,921,962	+ 6,462,176
Special Deposits	1,062,240,000	— 496,000
Bankers	302,335,446	— 109,246,300
Reserves & Other A/cs	639,562,383	— 12,327,956
	2,046,612,790	— 115,567,660
ASSETS		
Govt. Securities	1,666,186,068	— 112,320,000
Advances & Other A/cs	205,606,465	+ 3,006,567
Premises, Equip't & other Secs.	168,224,950	+ 51,890
Notes	7,399,970	— 6,310,440
Coin	196,407	— 15,677
	2,046,612,790	— 115,567,660
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes issued	8,500,000,000	— 25,000,000
In Circulation	8,492,600,030	— 18,689,560
In Bank'g Dept.	7,399,970	— 6,310,440
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,514,453,630	— 10,973,556
Other Securities	974,531,270	— 14,026,444
	8,500,000,000	— 25,000,000

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Investment Trust Review

Published by The Association of Investment Trust Companies

The Finance Act 1978: the changes and their impact

by J. J. Sturges

Secretary, The Association of Investment Trust Companies

A quiet revolution has taken place in the tax treatment of capital gains—not as radical as some may have wished perhaps but of considerable significance none the less. The changes made in the 1978 Finance Act are of particular importance for approved investment trust companies and their shareholders and the purpose of this article is to explain the effect of the new provisions. (The changes also apply to authorised unit trusts and their unitholders but, for simplicity, the references in this article are confined to investment trust companies.)

Put at its simplest, the new system for investment trusts is that the company pays tax at 10 per cent on its own capital gains and, to avoid double taxation, the shareholder on the sale of his shares is given a tax credit of up to 10 per cent of any gain he makes. This credit is available to reduce his personal liability to capital gains tax irrespective of the amount of gains realised by the company over the period he has held its shares. There is one important transitional relief which allows shareholders to obtain a tax credit of 17 per cent on any sales made before 6th April, 1979 — a recognition that the company had itself paid tax at about that rate in recent years.

These changes in rates assume additional importance when considered against the background of the basic change in the treatment of all capital gains in the hands of the individual. Hitherto tax has been levied at a rate of 30 per cent or, if more favourable, on an alternative basis under which one half of gains up to £5,000 and the whole of any excess were treated as investment income.

Under the 1978 Act, the alternative basis was effectively abolished as from 6th April, 1977, although it still applied for 1977-78 if, exceptionally, it was more beneficial. In its place, the Act provides that net gains of up to £1,000 realised in any one year are exempt; gains between £1,000 and £5,000 are charged at 15 per cent on the excess over £1,000: gains over £5,000 are charged at £600 plus one-half the excess over £5,000 with a maximum rate of 30 per cent applying to total net gains of £9,500 and above. The result of applying the specific changes affecting trust companies to the more general changes is set out in the accompanying Table. Valid comparisons with the previous system are difficult as the tax payable would have depended upon the shareholder's marginal rate of income tax on investment income.

Practical implications

A note of caution should be sounded to those who are tempted to draw the conclusion from the figures in this Table that holdings in investment trust companies should be sold before 6th April, 1979 to take advantage of the higher rate of tax credit available until then. The position is much more complicated than at first appears and shareholders should perhaps consider taking professional advice. For example the effect of gains or losses realised on other shares and of spreading sales over more than one tax year should be taken into account.

Shareholders should be aware that selling pressure generated by those wishing to take advantage of the transitional provision might temporarily depress share prices to the extent of eliminating some or all of the apparent advantage. The extra credit from a sale before April 1979 is in any event limited to 7 per cent of the *gain*. An alternative course of action might be to consider "bed and breakfasting" by immediately reinvesting in the same companies: this method of establishing a new tax cost and obtaining the current rate of credit on the gain is available to nearly all individual shareholders and also to many institutions.

The figures in the Table assume that all the net gains arise from investment trust shares. It is not possible in the space of this article to deal with the many variations that occur when gains and losses on investment trust shares are mixed with gains and losses on other investments. Two particular points, however, should perhaps be made. A taxpayer may in certain circumstances be liable to tax on gains from investment trust shares at an average rate which is less than the credit to which he is entitled; the excess credit can be set against the tax liability on other capital gains, subject to the overall limits to the credit set out in Section 112(3) Finance Act 1972, referred to in more detail later. Secondly, losses on trust company shares are treated like losses on any other shares and are first set off in full against gains realised in the year of assessment; it is worth noting, however, that any net losses brought forward will only be used to the extent necessary to reduce the gains to the £1,000 excluded from the charge to tax.

Tax payable on net gains realised on trust company shares

The table assumes that there are no chargeable gains or losses on other securities—see text

Net gains	Transitional period: Tax chargeable	Transitional period: Credit (17%)	Transitional period: Tax payable	After 5th April 1979: Tax chargeable	After 5th April 1979: Credit (10%)	After 5th April 1979: Tax payable
£	£	£	£	£	£	£
1,000	—	—	—	—	—	—
2,000	150	*150	—	150	*150	—
3,000	300	*300	—	300	300	—
4,000	450	*450	—	450	400	50
5,000	600	*600	—	600	500	100
6,000	1.100	1,020	80	1,100	600	500
7,000	1,600	1,190	410	1,600	700	900
8,000	2.100	1,360	740	2,100	800	1,300
9,000	2,600	1,530	1,070	2,600	900	1,700
10.000	3.000	1,700	1,300	3,000	1,000	2,000
20,000	6,000	3,400	2,600	6,000	2,000	4,000

* restricted to tax chargeable

There is one further point affecting the calculation of the credit which, although not new, has achieved some importance with recent takeovers of trust companies. Where shares are sold which are not eligible for the tax credit over the whole period of ownership by the shareholder, the seller can obtain a credit restricted on a time apportionment basis to set against his capital gains tax liability. For example, if a shareholder who has held "qualifying" shares in an investment trust for three years accepts in exchange shares in an insurance company and two years later sells his new holding, his tax credit would be restricted to 10 per cent on three-fifths of the gain made (this rate assumes that the sale is made after 5th April, 1979).

Other aspects of the system introduced in 1972 remain unchanged. It applies to investment trust companies approved for this purpose by the Board of Inland Revenue as satisfying the requirements laid down in Section 359, of the Income and Corporation Taxes Act 1970. The credit applies only to the "qualifying shares", usually the equity shares, and is limited under Section 112(3) Finance Act, 1972 to whichever is the least of the following: the total capital gains tax due by the shareholder for the year, 10 per cent (17 per cent for the transitional period to 5th April, 1979) of the total gains realised on "qualifying shares", or 10 per cent (17 per cent transitional) on the total chargeable gains less losses. The credit is therefore not recoverable and the benefit is lost if the shareholder has no liability to tax either because the gain is exempt or has to be set against losses on other shares.

The system operates in the same way for corporate shareholders on the sale of trust company shares except that the gains, reduced by an appropriate fraction, are assessed to corporation tax for their accounting periods instead of for the fiscal year; and companies do not benefit from the lower rates of tax applied to gains below £9,500. Where the rate of corporation tax changes, gains realised in the accounting period are apportioned on a time basis before and after the date of change and charged at the appropriate rate for each period. Where the rate of tax credit changes, however, the credit is not apportioned and the rate ruling at the date of sale of the trust company shares is applied to the whole of the gain.

The outlook

What then is the impact of these changes in capital gains tax on investment trust companies and their shareholders likely to be?

The Association was critical of the system introduced in 1972 because of the inequity suffered by those shareholders not liable to tax who could not recover the tax paid internally by the company and because of the inhibiting effect of that tax on the proper management of the company's investments. More recently the Association became concerned at the way in which the reduced rate of tax payable on trust company shares was encouraging personal shareholders in need of cash to sell such shares in preference to other investments; this factor often caused holders to sell their trust company holdings against their best interests and depressed the market value of the shares to the disadvantage of all shareholders.

For these reasons the Association had been pressing for the abolition of the charge to tax on the capital gains realised by the company, whose shareholders would on sale of their shares be liable to tax on capital gains in the same way as those of any other company. Although this solution was not accepted, the compromise now enacted is perhaps the most satisfactory alternative that could reasonably have been expected.

The new basic structure of the tax offers individual shareholders much greater flexibility in their investment decisions. Trust company shares will still attract less capital gains tax on sale than other shares. But an investor can now realise other investments of significant value without attracting tax and will no longer have the same temptation to dispose of his investment trust shares first.

The reduction to 10 per cent in the rate of tax payable by the trust company on its gains has gone a long way to meet the problem of the shareholder not liable to tax as the penalty he now suffers will in most cases be minimal. This is of particular importance to those pension funds and charities which have previously felt inhibited from buying investment trust shares for tax reasons. It is notable that, largely through the efforts of the Association, the rate of tax on trust companies has been reduced from a potential 40 per cent to 30 per cent in 1965, then to 15 per cent in 1972 and now to 10 per cent.

Capital gains tax implications will no longer need to loom large in the factors affecting trust companies' own investment decisions. The change in the rate of tax—coupled with the removal last December of the 25 per cent surrender rule, that hated levy on premium currency investments — has materially reduced the penalty on a switch of the companies' holdings and has removed a substantial part of the contingent liabilities to which their assets were subject. The environment for investment trust companies and the shareholders of this important medium of investment has been transformed.

A free booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House (6th Floor), 16, Finsbury Circus, London EC2M 7JJ.

Net Asset Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets *less current liabilities* (1) *£million*	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value *after deducting prior charges* *at nominal value* (6)	*at market value* (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
161.0	Alliance Trust	Ordinary 25p	29/9/78	7.1	300.6	309.1	33.1
91.5	Anglo American Securities Corpn.	Ordinary 25p	29/9/78	3.0	138.0	143.8	16.4
†	British Investment Trust	Ordinary 25p	29/9/78	†	†	†	†
28.8	Capital & National Trust	Ord. & "B" Ord. 25p	30/9/78	*4.6	182.8	185.6	19.3
11.2	Claverhouse Investment Trust	Ordinary 50p	29/9/78	3.8	111.9	111.9	0.2
11.6	Crossfriars Trust	Ordinary 25p	29/9/78	3.7	115.8	115.8	–
17.3	Dundee & London Investment Trust	Ordinary 25p	29/9/78	2.3	93.7	95.2	6.7
96.3	Edinburgh Investment Trust	£1 Deferred	29/9/78	6.75	301.1	316.4	23.2
47.3	First Scottish American Trust	Ordinary 25p	29/9/78	2.85	131.9	133.9	17.0
12.6	Grange Trust	Ord. Stock 25p	29/9/78	2.1	110.0	114.4	6.3
73.9	Great Northern Investment Trust	Ordinary 25p	29/9/78	3.87	144.9	147.4	9.8
67.3	Guardian Investment Trust	Ordinary 25p	29/9/78	2.9	114.4	119.0	9.1
85.8	Investors Capital Trust	Ordinary 25p	30/9/78	1.75	109.0	114.8	15.9
26.1	Jardine Japan Investment Trust	Ordinary 25p	30/9/78	0.85	229.1	229.1	60.4
†	London & Holyrood Trust	Ordinary 25p	30/9/78	†	†	†	†
†	London & Montrose Invest. Trust	Ordinary 25p	30/9/78	†	†	†	†
†	London & Provincial Trust	Ordinary 25p	30/9/78	†	†	†	†
‡116.3	Mercantile Investment Trust	Ordinary 25p	29/9/78	1.25	x59.1	63.2	3.8
	Do. Do.	Conv. Debs. 1983	29/9/78	£4.50	£89.50	£94.90	£5.70
†	North Atlantic Securities Corpn.	Ordinary 25p	29/9/78	†	†	†	†
56.2	Northern American Trust	Ordinary 25p	29/9/78	2.85	141.9	145.1	19.0
8.7	Save & Prosper Linked Invest. Trust	Capital Shares	29/9/78	–	182.5	182.5	–
133.4	Scottish Investment Trust	Ord. Stock 25p	29/9/78	2.56	140.1	144.2	16.0
†	Scottish Northern Invest. Trust	Ordinary 25p	29/9/78	†	†	†	†
118.3	Scottish United Investors	Ordinary 25p	30/9/78	1.6	106.6	109.6	16.2
53.0	Second Alliance Trust	Ordinary 25p	29/9/78	6.3	256.8	265.1	28.6
4.1	Shires Investment Co.	Ordinary 50p	30/9/78	8.464	163.2	163.2	–
45.0	Sterling Trust	Ordinary 25p	29/9/78	5.3	249.7	256.5	28.1
31.3	Technology Investment Trust	Ordinary 25p	30/9/78	2.6	156.4	157.6	17.3
80.4	United British Securities	Ordinary 25p	30/9/78	4.44	179.4	180.7	18.6
22.7	United States & General Trust	Ordinary 25p	29/9/78	5.94	269.0	275.7	29.3
90.2	United States Debenture Corporation	Ord. Stock 25p	29/9/78	3.52	123.9	128.2	13.6
	Do. Do.	Conv. Loan 1993	29/9/78	£5.00	£136.30	£141.00	£14.90
	Baillie Gifford & Co.						
131.1	Scottish Mortgage & Trust	Ordinary 25p	30/9/78	3.3	156.3	158.8	16.8
65.2	Monks Investment Trust	Ordinary 25p	30/9/78	1.0	70.9	71.6	7.1
18.8	Winterbottom Trust	Ordinary 25p	30/9/78	4.6	280.8	293.6	34.3
	Baring Bros. & Co. Ltd.						
†	Outwich Investment Trust	Ordinary 25p	29/9/78	†	†	†	†
26.6	Tribune Investment Trust	Ordinary 25p	22/9/78	ac1.4	ac98.6	98.8	14.3
	East of Scotland Invest. Managers						
†	Aberdeen Trust	Ordinary 25p	30/9/78	†	†	†	†
	Edinburgh Fund Managers Ltd.						
63.5	American Trust	Ord. & "B" Ord. 25p	30/9/78	*1.35	62.1	64.2	5.7
21.7	Crescent Japan Invest. Trust	Ordinary 50p	30/9/78	–	247.2	247.2	47.5
13.4	General Scottish Trust	Ordinary 25p	30/9/78	3.35	122.0	124.3	10.6
	Do. Do.	Conv. Loan 1995/2000	30/9/78	£5.50	£154.90	£157.90	£13.30
†	Wemyss Investment Co.	Ordinary £1	30/9/78	†	†	†	†
	Electra House Group						
78.3	Electra Investment Trust	Ordinary 25p	29/9/78	5.0	152.7	152.7	9.3
286.0	Globe Investment Trust	Ordinary 25p	29/9/78	5.0	165.4	165.6	9.9
	Do. Do.	Conv. Loan 1987/91	29/9/78	£5.50	£143.70	£143.90	£8.60
	Do. Do.	Conv. Loan 1985/90	29/9/78	£6.25	£190.20	£190.40	£11.40
‡38.8	Temple Bar Investment Trust	Ordinary 25p	29/9/78	4.75	128.7	131.0	2.6
	Do. Do.	Conv. Loan 1987/91	29/9/78	£6.00	£110.60	£112.60	£2.30
	F. & C. Group						
21.8	Alliance Investment	Ordinary 25p	29/9/78	3.0	162.1	166.4	17.6
24.1	Cardinal Investment Trust	Deferred 25p	29/9/78	3.9	165.6	171.0	16.2
	Do. Do.	Conv. Loan 1985/97	29/9/78	£6.00	£134.20	£138.50	£13.10
‡7.4	F. & C. Eurotrust	Ordinary 25p	29/9/78	1.0	74.2	74.2	14.2
201.7	Foreign & Colonial Invest. Trust	Ordinary 25p	29/9/78	3.77	248.7	257.2	34.8
32.2	General Investors & Trustees	Ordinary 25p	29/9/78	4.0	156.1	160.7	13.7
	James Finlay Invest. Mgmt. Ltd.						
1.9	Provincial Cities Trust	Ord. Stock 25p	30/9/78	1.48	38.4	38.4	–
	Gartmore Investment Ltd.						
7.6	Altifund	Income 50p	30/9/78	8.3	101.8	101.8	6.6
	Do. Do.	Capital 50p	30/9/78	0.415	310.7	319.7	6.6
27.1	Anglo-Scottish Invest. Trust	Ordinary 25p	30/9/78	1.6875	66.7	68.7	6.0
29.1	English & Scottish Investors	Ord. & "B" Ord. 25p	30/9/78	*2.45	110.7	116.4	9.0
8.1	Group Investors	Ordinary 25p	30/9/78	1.9	93.0	96.6	9.7
5.7	London & Gartmore Invest. Trust	Ordinary 50p	30/9/78	§1.0	103.2	108.2	18.1
12.5	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	30/9/78	*ac1.667	ac78.8	ac81.3	ac10.2
25.1	London & Lomond Invest. Trust	Ordinary 25p	30/9/78	2.7	113.6	116.0	9.0
11.5	London & Strathclyde Trust	Ordinary 25p	30/9/78	1.6	60.6	64.2	6.2
12.7	Meldrum Investment Trust	Ordinary 25p	30/9/78	1.85	62.8	62.8	0.4
6.2	New York & Gartmore Investment	Ordinary 25p	30/9/78	0.4	40.1	40.1	4.7
	Gartmore Investment (Scotland) Ltd.						
78.9	Scottish National Trust	Ordinary 25p	30/9/78	3.43	213.0	218.6	26.6
19.2	Glasgow Stockholders Trust	Ordinary 25p	30/9/78	2.4	149.8	153.0	19.1
	John Govett & Co. Ltd.						
‡89.9	Border & Southern Stockholders	Ordinary 10p	29/9/78	†	87.2	88.7	9.3
39.3	Debenture Corporation	Ordinary 25p	29/9/78	2.4	92.4	94.2	6.0
13.6	General Stockholders Invest. Trust	Ordinary 12½p	29/9/78	2.3	166.4	177.9	24.4
21.2	Govett European Trust	Ordinary 25p	29/9/78	1.8	91.1	91.1	13.6
65.6	Lake View Investment Trust	Ordinary 25p	29/9/78	2.4	135.6	139.5	14.5
	Do. Do.	Conv. Loan 1973/98	29/9/78	£4.00	£180.80	£186.10	£19.30
69.4	Stockholders Investment Trust	Ordinary 25p	29/9/78	2.35	142.6	147.6	18.4
	G.T. Management Ltd.						
21.4	Berry Trust	Ordinary 25p	30/9/78	0.875	105.1	105.1	10.7
	Do. Do.	Conv. Loan 1993	30/9/78	£4.25	£152.50	£152.50	£15.50
23.7	G.T. Japan Investment Trust	Ordinary 25p	30/9/78	1.0	244.4	244.4	42.1
	Do. Do.	Conv. Loan 1987	30/9/78	£8.50	£151.50	£151.50	£28.10
8.1	Northern Securities Trust	Ordinary 25p	30/9/78	3.0	183.7	189.1	20.1
	Hambros Group						
26.8	Bishopsgate Trust	Ordinary 25p	29/9/78	6.25	277.3	287.3	19.3
4.5	City of Oxford Investment Trust	Ordinary 25p	29/9/78	3.3	97.3	100.4	–
‡52.0	Hambros Investment Trust	Ordinary 25p	29/9/78	3.75	150.6	160.6	14.8
‡7.5	Rosedimond Investment Trust	Capital 25p	29/9/78	–	136.0	136.0	3.6

Total Assets *less current liabilities* (1) *£million*	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value *after deducting prior charges* *at nominal value* (6)	*at market value* (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	Henderson Administration Ltd.						
‡144.4	Witan Investment	Ord. & "B" Ord. 25p	29/9/78	*2.3	135.6	140.6	17.3
‡22.4	Electric & General Investment	Ordinary 25p	29/9/78	1.55	111.0	112.2	14.6
‡7.7	Greenfriar Investment	Ordinary 25p	29/9/78	1.45	141.7	141.7	17.5
‡7.1	Lowland Investment	Ordinary 25p	29/9/78	†	73.6	73.6	2.7
‡2.4	English National Investment	Prefd. Ord. 25p	29/9/78	1.83	35.7	36.8	–
	Do. Do.	Defd. Ord. 25p	29/9/78	2.42	68.0	72.0	–
	Philip Hill (Management) Ltd.						
21.7	City & International Trust	Ordinary 25p	30/9/78	†	139.2	144.0	9.0
12.0	General & Commercial Inv. Trust	Ordinary 25p	30/9/78	5.82	191.7	201.5	11.1
24.6	General Consolidated Invest. Trust	Ordinary 25p	30/9/78	3.75	116.6	119.4	6.4
‡139.4	Philip Hill Investment Trust	Ordinary 25p	30/9/78	7.9	252.8	256.7	8.2
‡5.8	Moorgate Investment Co.	Ordinary 25p	30/9/78	3.82	113.8	116.1	1.9
40.0	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	30/9/78	2.92	94.0	97.0	8.5
	Industrial & Comml. Finance Corpn.						
†	London Atlantic Invest. Trust	Ordinary 25p	30/9/78	†	†	†	†
7.0	North British Canadian Inv. Co.	Ordinary 25p	30/9/78	2.95	95.0	95.0	0.7
	Ivory & Sime Limited						
49.6	Atlantic Assets Trust	Ordinary 25p	30/9/78	0.4	152.1	158.8	30.5
†	British Assets Trust	Ordinary 25p	30/9/78	2.6	†	†	†
38.2	Edinburgh American Assets Trust	Ordinary 25p	30/9/78	1.1	160.4	163.4	34.4
†	Viking Resources Trust	Ordinary 25p	30/9/78	1.1	†	†	†
	Keyser Ullmann Ltd.						
11.8	Throgmorton Secured Growth Tst.	£1 Cap. Loan Stock	29/9/78	–	–	181.4	–
47.8	Throgmorton Trust	Ordinary 25p	29/9/78	4.375	104.0	105.9	–
	Kleinwort Benson Ltd.						
29.3	British American & General Trust	Ordinary 25p	29/9/78	1.725	56.5	57.5	3.2
23.8	Brunner Investment Trust	Ordinary 25p	29/9/78	3.8	143.0	145.7	10.7
34.2	Charter Trust & Agency	Ordinary 25p	29/9/78	2.2	78.9	81.0	6.4
44.8	English & New York Trust	Ordinary 25p	29/9/78	3.0	105.1	106.7	8.5
4.9	Family Investment Trust	Ordinary 25p	29/9/78	4.5	111.3	111.3	0.1
3.2	Jos Holdings	Ordinary 25p	29/9/78	2.375	65.6	65.6	2.2
6.9	London Prudential Invest. Trust	Ordinary 25p	29/9/78	2.85	110.1	112.8	7.2
53.7	Merchants Trust	Ordinary 25p	29/9/78	2.9	100.0	103.5	10.5
	Lazard Bros. & Co. Ltd.						
‡54.5	Raeburn Investment Trust	Ordinary 25p	30/9/78	3.7	177.1	183.4	19.9
‡43.1	Romney Trust	Ordinary 25p	30/9/78	2.65	129.8	132.2	15.2
	Martin Currie & Co., C.A.						
†	Canadian & Foreign Invest. Trust	Ordinary 25p	30/9/78	†	†	†	†
20.7	St. Andrew Trust	Ordinary 25p	30/9/78	4.15	164.9	169.9	17.0
104.4	Scottish Eastern Invest. Trust	Ordinary 25p	30/9/78	4.5	183.2	189.2	24.3
†	Scottish Ontario Invest. Co.	Ordinary 25p	30/9/78	†	†	†	†
†	Securities Trust of Scotland	Ordinary 25p	30/9/78	†	†	†	†
	Murray Johnstone Ltd.						
50.1	Caledonian Trust	Ord. & "B" Ord. 25p	30/9/78	*1.85	115.0	118.4	18.8
75.3	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	30/9/78	*1.675	109.6	112.4	18.2
‡18.9	Glendevon Investment Trust	Ord. & "B" Ord. 25p	30/9/78	*1.85	141.6	144.6	25.1
7.6	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/9/78	*1.7	113.2	113.2	16.9
83.6	Scottish Western Investment	Ord. & "B" Ord. 25p	30/9/78	*2.2	135.7	140.8	21.9
27.3	Second Gt. Northern Invest. Trust	Ord. & "B" Ord. 25p	30/9/78	*2.0	ac124.6	ac128.2	ac20.8
	Schroder Wagg Group						
22.8	Ashdown Investment Trust	Ordinary 25p	30/9/78	4.05	196.1	202.5	21.9
	Do. Do.	Conv. Loan 1988/93	30/9/78	£4.75	£137.20	£141.80	£15.40
7.8	Australian & International Trust	Ordinary 50p	30/9/78	2.7	129.5	129.5	24.1
32.2	Broadstone Investment Trust	Ordinary 20p	30/9/78	5.15	213.2	220.8	24.1
	Do. Do.	Conv. Loan 1988/93	30/9/78	£4.50	£142.10	£147.20	£16.10
50.5	Continental & Industrial Trust	Ordinary 25p	30/9/78	6.4	268.3	278.0	16.8
32.3	Trans-Oceanic Trust	Ordinary 25p	30/9/78	5.0	248.7	255.2	30.6
	Do. Do.	Conv. Loan 1988/93	30/9/78	£4.50	£155.50	£159.50	£19.10
14.5	Westpool Investment Trust	Ordinary 25p	30/9/78	3.3	151.6	154.9	17.3
	Do. Do.	Conv. Loan 1989/94	30/9/78	£5.00	£136.40	£139.40	£15.60
	Stewart Fund Managers Ltd.						
81.6	Scottish American Investment Co.	Ordinary 50p	30/9/78	2.6	119.1	120.4	8.9
13.9	Scottish European Investment Co.	Ordinary 25p	30/9/78	1.5	62.0	62.0	6.0
	Touche Remnant & Co.						
114.7	Atlas Electric & General Trust	Ordinary 25p	29/9/78	1.9	91.0	94.1	5.7
33.6	Bankers' Investment	Ordinary 25p	29/9/78	2.55	79.6	84.3	5.2
33.8	Cedar Investment Trust	Ordinary 25p	29/9/78	2.5	95.1	97.6	6.7
43.4	City of London Brewery	Deferred 25p	29/9/78	2.76	83.3	87.7	1.3
27.6	Continental Union Trust	Ordinary 25p	29/9/78	3.5	172.7	178.2	15.6
16.8	C.L.R.P. Investment Trust	Ordinary 25p	29/9/78	1.9	100.5	104.9	7.2
190.8	Industrial & General Trust	Ordinary 25p	29/9/78	1.75	78.0	80.2	5.9
43.5	International Investment Trust	Ordinary 25p	29/9/78	2.62	110.5	115.9	7.3
57.2	Sphere Investment Trust	Ordinary 25p	29/9/78	3.3	169.5	174.3	13.7
69.4	Trustees Corporation	Ordinary 25p	29/9/78	4.85	208.8	214.6	11.5
38.3	Trust Union	Ordinary 25p	29/9/78	3.4	155.1	159.4	8.8
	Williams & Glyn's Bank Ltd.						
‡14.8	Sizewell European Invest. Trust	Ordinary 10p	30/9/78	1.8	114.0	114.0	11.4
‡3.2	Atlanta, Baltimore & Chicago	Ordinary 10p	30/9/78	0.5	71.4	71.4	6.3
‡3.8	West Coast & Texas Regional	Ordinary 10p	30/9/78	0.75	90.1	90.1	9.9
	VALUATION THREE-MONTHLY						
33.5	Hume Holdings	"A" & "B" Ord. 25p	30/9/78	*6.875	x94.4	x97.6	2.8
2.3	Lancashire & London Invest. Trust	Ordinary 25p	30/9/78	1.8	57.3	57.3	1.7
7.8	Oil & Associated Investment Trust	Ordinary 25p	30/9/78	2.0955	74.9	75.8	7.1
	Do. Do.	Conv. Loan 1988/93	30/9/78	£6.25	£168.50	£176.50	£16.00
17.6	River Plate & General Invest. Trust	Deferred 25p	29/9/78	6.25	210.6	215.4	7.6
†	Safeguard Industrial Investments	Ordinary 25p	30/9/78	†	†	†	†
8.5	Scottish Cities Investment Trust	Ord. & "A" Ord. 25p	30/9/78	8.0	256.0	258.1	5.3
17.4	Yeoman Investment Trust	Ordinary 25p	30/9/78	7.59	252.1	257.6	11.6
	Do. Do.	Conv. Loan 1993	30/9/78	£4.50	£138.70	£141.70	£6.40
7.6	Young Companies Investment Trust	Ordinary £1	30/9/78	3.65	118.7	118.7	–
	East of Scotland Investment Mngrs.						
12.3	Dominion & General Trust	Ordinary 25p	31/8/78	7.75	268.7	278.7	28.8
31.3	Pentland Investment Trust	Ordinary 25p	31/8/78	4.05	167.2	171.7	19.7
	Rivermoor Management Services Ltd.						
15.6	Moorside Trust	Ordinary 25p	29/9/78	4.75	134.9	139.0	10.1
33.3	River & Mercantile Trust	Ordinary 25p	29/9/78	8.125	241.1	250.2	2.9

* Applies to Ordinary/"A" Ordinary only. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. † Company will announce year-end or interim results shortly. ‡ See note (h) below. ⊕ Not directly comparable with previous published figure. E Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

(a) Cols. 1, 6, 7 — Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 — All revenue account items are excluded.

(c) Cols. 1, 6, 7 — No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 — Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 — Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 — Prior charges are deemed to include preference share capital.

(g) Col. 8 — The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 — Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

BIDS AND DEALS

Metal Box offers £12½m for U.S. packaging group

S PART of its declared inten-on to widen its worldwide in-rests Metal Box is making a sh offer of $25m (£12.5m) for e Risdon Manufacturing Com-ny of the U.S.

Shareholders of publicly-quoted sdon are being offered $20 per are and so far the Metal Box) has received the support of e Risdon directors. Metal Box ends to finance about $6m of e bid from existing resources, d the balance is to be met by rrowings in the U.S.

Risdon and its subsidiaries anufacture metal, plastic and per packaging components and ntainers for cosmetics, personal re and other consumer pro-cts. The group also fabricates ecision metal parts for indus-al and consumer products and kes and markets home sewing essories and automatic dis-pensers of air fresheners.

In 1977 Risdon showed pre-tax profits down from $2.82m to $2.13m on turnover of $74.6m ($62.7m). The group's net tangible assets at January 1, 1978, amounted to $17.4m.

Talks between the two groups have been taking place since July of this year. Metal Box said yesterday: "We originally started talking to them about technology matters but the talk drifted round to other things. We hope the deal puts us firmly into the cosmetic and speciality packaging market."

In its last financial year these activities accounted for about three quarters of Risdon's group sales.

The acquisition will be the second major move by Metal Box since the termination of its can and crown cap licensing agreement with the Continental Group, and the renegotiation of its technical agreement.

After that it formed a joint company with Standun Inc. of Compton, Los Angeles to manufacture two-piece beverage cans. Metal Box contributed $6m to the capital of the new company for a 75 per cent share of the equity.

Risdon is based in Connecticut and employs over 3,000 people in 17 factories in the U.S. and one in Canada.

ASSOCIATES DEALS

On October 18, Bell Lawrie Macgregor bought 8,000 Dawson International ordinary at 211p on behalf of discretionary clients.

N. M. Rothschild and Sons purchased a further 50,000 ordinary shares in J. Compton Sons and Webb (Holdings) on behalf of Vantona Group at 73p.

Vickers da Costa (brokers to John Haggas) sold 8,000 Dawson International ordinary shares at 210p on behalf of a discretionary investment client.

LEGAL & GEN. —GLANFIELD UNCONDITIONAL

Morgan Grenfell and Company announces thta acceptances of its offers on behalf of Legal and General Assurance Society to acquire the whole of the issued share capital of Glanfield Securities have been received from holders of over 94 per cent of the ordinary share capital and over 97 per cent of the preference share capital.

The Office of Fair Trading has indicated that it is not the intention of the Secretary of State for Prices and Consumer Protection to refer the offers to the Monopolies and Mergers Commission and the Council of the Stock Exchange has admitted to the Official List the new shares in Legal and General to be issued pursuant to the offers.

All the conditions of the offers have now been satisfied, and accordingly they have become unconditional and remain open for acceptance until further notice.

Legal and General owned no shares in Glanfield prior to August 23, 1978, when it was announced that talks were in progress which might lead to an offer being made.

It is expected that definitive certificates for the new shares in Legal and General, together with cheques for fractional entitlements (where applicable), in respect of the consideration for acceptances of the offers already received and which are complete in all respects will be despatched on November 8, 1978.

Legal and General intends to compulsorily acquire any outstanding share capital of Glanfield in accordance with the provisions of Section 209 of the Companies Act.

Fisons to buy Akzo offshoot

FORMAL NEGOTIATIONS have been started by Fisons to buy AAgrunol, the loss-making agrochemicals subsidiary of Akzo, the Dutch chemicals group.

AAgrunol manufactures insecticides near Groningen but the plant now requires substantial investment to bring it up to the standards required by the Dutch environmental authorities.

In addition, AAgrunol does not have an adequate research division to back up its production operation and last year Akzo said its subsidiary had "no viability as an independent producer of crop protection products."

Fisons, which last year made a pre-tax profit of £21.2m, could supply the expertise needed to support the ailing AAgrunol. In 1977 Fison's agricultural division made a profit of £4.7m on a turnover of £45m—making agrochemicals the most successful of the company's five sectors except for pharmaceuticals.

Fisons yesterday refused to disclose the price being discussed for the acquisition, but said that if the deal goes through it "will result in a significant increase in the size of our agrochemicals division." Because of the environmental improvements required, Fisons would be negotiating a two stage acquisition with Akzo.

This will mean leaving the Groningen site in Akzo's hands until the question of environmental standards has been settled and local approval obtained.

Under the 1975 Dutch merger code, the acquisition proposals have been put before the AAgrunol works council and the local trades unions.

LEX ACQUIREs TRANSFLEET

Lex Service Group has agreed to purchase Transfleet Services for £5.5m in cash.

Transfleet is engaged in the full service contract hire and rental of commercial vehicles and trailers. The acquisition is to complement and broaden Lex's existing interests in this area. Christian Salvesen, Walter Alexander and ICFC are currently the joint owners of Transfleet which was formed in 1969.

In the light of information available, Lex believes that pre-tax profit of Transfleet this year will be not less than £800,000 (£750,000) and that the net tangible assets at the year-end, including deferred tax in accordance with SSAP 15, will be about £4.2m (£3.4m).

Lex has agreed to offer service agreements to the existing managing director and assistant managing director.

ROBERTSON FOODS BUYS A. MARTIN

Robertson Foods has acquired the whole of the capital of Alfred Martin.

The consideration of £93,000 has been satisfied by the payment of £72,450 cash and by the issue of 15,000 new ordinary shares. Net tangible assets of Alfred Martin at June 30, 1978, were £36,300.

COURTAULDS SUBSIDIARIES CHANGE HANDS

Fine Spinners and Doublers, the Courtauld's subsidiary, has completed the sale of its wholly owned subsidiary Delta and Pine Land Company of Mississippi and has acquired from Courtaulds all the issued capital of Courtaulds (Canada).

The latter step was taken with the approval of the Royal Exchange Assurance, trustees of the company's 4 per cent first mortgage debenture stock.

COMMON BROS.

Mr. G. A. Common, the joint managing director of shipping group Common Brothers, is in discussion with Menteith Investment Trust, a subsidiary of British and Commonwealth Shipping over the possible acquisition of Menteith's holding of 16 per cent in Common. The mooted purchase price for the 16 per cent holding is 150p a share, putting a value on the stake of £828,352. Yesterday Common Brothers shares rose 6p to 172p after being as high as 185p during the day.

Common Brothers' Board said in a statement yesterday that according to the information at its disposal the transaction, if concluded, "would not be associated with any larger transaction whereby a general offer will be required under rule 34 of the Takeover Code to be made to shareholders. The panel on takeovers and mergers has been kept informed of the situation."

If Mr. Common completes his deal it will give him an interest of about 27 per cent in the group.

Corn Exchange soars on talks

A brief announcement from the Corn Exchange Company yesterday said that it was having talks with a potential bidder sent the shares rocketing to 255p, 73p up on the day.

At this level the company is valued at £7.1m, or £2m more than it was worth in the market the precious day. Corn Exchange exists mainly to own and operate the Corn Exchange building in the centre of the City of London although earlier this year Mr. Robert Goodfellow, the chairman, said that the company proposed to spend some of its revenue by expanding into commodity dealing.

In the last balance sheet for the year to last December the company's assets, mainly the exchange building, were put at £8m.

Yesterday, the market expected the bidder to be Industrial Equity, an Australian-based group with earnings of A$3.1m which last year acquired a 21 per cent stake in Corn Exchange, sparking off rumours of a full-scale bid.

IEL is owned by Mr. Ron Brierley, a New Zealand financier who has mounted no fewer than five bids for Australian and UK-registered companies in the past 12 months. The most recent has been a partial offer for the Australian shipping group McIlwraith McEacharn. The bid is being contested.

In May IEL successfully bid £780,000 for St. Kitts (London) Sugar Factory which was on the point of voluntary liquidation since its only significant remaining asset was the £1m compensation due from the Government of St. Christopher, after the nationalisation of the sugar plantations.

SHARE STAKES

Myddleton Hotels: A. C. Hornsbury, chairman, as trustee of F. M. Hornsby, has sold 10,000 shares at 245p.

Hargreaves Group: Britannic Assurance bought 35,000 shares on October 13 and is now interested in 2,645,000 (10.02 per cent).

Derritron: Amalgamated Industrial Holdings bought on October 13 and October 16 25,000 and 50,000 shares respectively bringing total holding to 10,024,296 (83.7 per cent).

Cray Electronics: Capital for Industry on October 12 disposed of 25,000 shares and now holds 7,065,403 (71.097 per cent).

Trust Houses Forte—Kuwait Investment Office has acquired an interest in a further 100,000 shares making total interest 5.3m.

Guest Keen and Nettlefolds: I. F. Donald, director, advises that a trust of which he is a trustee has disposed of £200,000 6¾ per cent convertible unsecured loan stock at 81¼.

Aaronson Bros—Mr. L. Aaronson, Mr. R. Aaronson, Mr. H. Aaronson and Mr. H. Allen, all directors, on October 13 each sold 13,750 shares.

HTV Group—Mr. P. S. B. F. Dromgoole, director, disposed of 5,000 non voting ordinary shares on December 21, 1977 at 115p and 18,725 on July 24, 1978 at 108p.

Hambros Investment Trust—Subsidiary of Hambros Limited has bought 160,000 shares. As a result Hambros Limited and subsidiary are beneficially interested in 2,590,250 shares (9.71 per cent.).

Smith Bros.: On October 12 Mr. Lewis, director, sold 10,000 shares, Mr. G. L. H. Lederman, director, sold 10,000 shares and Mr. G. S. Lederman sold 10,000 shares.

Magnolia Group (Mouldings): Beneficial owners of 109,500 shares registered in name of Bank of Scotland West End London Nominees have sold 2,500 shares reducing holding to 107,000 shares.

Minster Assets: Mr. N. C. Haydon, director, is interested in 60,250 shares bneficial and 106,028 shares not beneficial.

Brown and Tawse: On September 5 C. Walker and Sons sold 100,000 shares. Following this sale Mr. J. Walker is interested in 886,000 shares (8.74 per cent). Of this total 726,000 shares (7.16 per cent) are beneficially owned by C. Walker and Sons.

Bamfords: Fredk. H. Burgess is interested in 4,443,212 shares (59.2 per cent).

MINING NEWS

Ergo takes another stride foreward

BY KENNETH MARSTON, MINING EDITOR

THE SOUTH AFRICAN gold mines' September quarterly reporting season is brought to a close by the Anglo American Corporation group. Again, it must be emphasised that the latest quarterly net profits are not really comparable with those for the previous three months because in the latter period there was the once-for-all bonus of revenue arising out of the changed method of payment on delivery for the mines' gold.

To a large extent this special factor in earnings has been balanced by the rise in the bullion price that has taken place between the two quarters. It has still left the Anglo group mines with lower profits on the latest occasion, however, with the notable exception of the young East Rand Gold and Uranium (Ergo) retreatment of old dumps' operation and, to a lesser extent, Western Deep Levels.

Ergo treated 4.15m tonnes of slimes in the past three months on its way to capacity working of 4.5m tonnes. Tax does not yet enter the picture owing to the operation's accumulated tax losses and the past quarter's net profit has more than trebled to R3.64m (£2.13m).

Western Deep has slightly increased its past quarter earnings thanks to the receipt of a higher gold price, but it has had to countenance a further rise in costs — a factor which has appeared in most of the latest quarterly reports.

	Sept. R000 qtr.	June R000 qtr.	March R000 qtr.
E. Daggafontein	119	[illegible]	†140
Ergo	[illegible]	[illegible]	[illegible]
Free State Geduld	20,604	[illegible]	17,798
F. State Saaiplaas	2,014	[illegible]	4,417
President Brand	16,077	[illegible]	11,002
President Steyn	8,796	12,509	7,605
SA Lands	[illegible]	[illegible]	242
Vaal Reefs	[illegible]	[illegible]	19,614
Welkom	5,060	[illegible]	2,479
Western Deep	[illegible]	[illegible]	14,221
Western Holdings	11,958	[illegible]	9,250

† Net surplus includes sales of equipment following cessation of mining.

Of the mines to make a poorer profits' showing on the latest occasion, Free State Geduld and President Steyn have been hit by a lower gold price, reduced production and higher costs. The group's latest quarterly net profits are compared in the following table.

If Free State Geduld's latest quarterly profit is considered disappointing, the same cannot be said of the mine's final dividend for the year to September 30. Most expectations are surpassed by a payment of 180 cents (105p) which makes a year's total 315 cents against 240 cents for 1976-77.

Western Holdings and Welkom have matched most expectations, but the finals from President Brand and, particularly, President Steyn will cause disappointment. The latest payments are compared in the following table.

	Sept. 1978 cents final	March 1978 cents int.	Sept. 1977 cents final	March 1977 cents int.
F. S. Geduld	[illegible]	[illegible]	[illegible]	90
Pres. Brand	[illegible]	[illegible]	60	70
Pres. Steyn	30	30	10	10
W. Holdings	[illegible]	190	140	140
Welkom	40	25	27.5	7.5

Inco cuts third quarter payout

Inco shut down major portions of its nickel mining and refining operations in the Sudbury nickel mining belt of northern Ontario in August because of poor market conditions and a very large stockpile.

The United Steelworkers struck all the Sudbury mining, smelting and refining operations as of September 16 and while no talks are now in progress, the company says it is still shipping nickel from stockpiles, reports Robert Gibbons from Montreal. The Manitoba operations are continuing.

Inco said the quarterly dividend had been cut to 10 cents a share "because of the adverse impact on earnings of the continuing depressed state of nickel prices and the strikes at Sudbury."

The company, which reports in U.S. dollars, said its third quarter earnings were equal to 6 cents a share against 25 cents a year earlier.

The third quarter net income was $9m against $21.6m and sales were $488m ($452m). Nine months' earnings were $67.7m or 70 cents against $95.2m or $1.22 a share. Sales were $1.54bn against $1.4bn. The company also said the lower dividend applies to class A and deferred class B shares.

WESTFIELD HAS URANIUM HOPES

Westfield Minerals says it has "recently found encouraging uranium values in sandstone fragments in the vicinity of the upper Humber River north of Grand Lake, Newfoundland."

The company emphasises that, "no mineralised rock in place has yet been found in this area" and "there is presently no indication of a source of these fragments."

Westfield adds that the fragments were obtained from three small pits in overburden of unknown thickness overlying Mississippian sediments."

The company said it is evaluating the information on hand with a view to drawing up a detailed work programme. In London yesterday shares of Westfield spurted 30p to 160p.

Palabora still going strong

THE RIO TINTO-ZINC group's Palabora copper mine management continues to keep fingers crossed in the hope that the South African mine's troublesome autogenous mills can be kept going until their replacement shells and other components can be fitted during the first half of next year.

So far, so good. Copper production for the September quarter has amounted to 32,737 tonnes, making a total for the past nine months of 87,491 tonnes compared with 80,524 tonnes in the same period of last year.

Copper sales for the nine months total 87,720 tonnes against 74,954 tonnes a year ago while those of magnetite amount to 103,709 tonnes against 276,549 tonnes; the last shipment of magnetite under the contract with Japan's Kobe Steel was made in September and a fall in sales can now be expected.

Of other products sold in the past nine months, vermiculite has risen to 140,764 tonnes against 116,383 tonnes while sales of uranium concentrates amount to 97,942 kilogrammes against 76,784 kgs and the precious metal content of the anode slimes sold was 437,195 ounces against 433,306 ounces.

One of the few copper mines in the world to be making profits, Palabora earned R9.29m (£5.49m), or 33 cents per share, in the first half of this year against R10.45m in the same period of 1977 when the year's total amounted to R19.13m.

ISSUE NEWS

Rickmansworth fails

Rickmansworth and Uxbridge Valley Water issue has almost totally been left with the underwriters.

The issue was of £2½m of 7 per cent redeemable preference stock 1985 priced at a minimum of £97.50 per cent.

Yesterday the brokers announced that 99.07 per cent of the issue was left with the underwriters.

From the very outset the terms were pitched rather tight and the drift in the market left the issue on a flimsy footing.

Nevertheless, £10 paid, the stock could be trading at a price of £9—a point discount where the equivalent franked income of 15.11 per cent should ensure reasonably active secondary market once dealings start, and the price should not come under too much pressure.

Brokers were Seymour Pierce.

KITCHEN QUEEN TO MARKET

Furniture retailing and manufacturing group, Kitchen Queen confirmed yesterday that it was coming to the market with an offer for sale before the end of November.

The offer of £1.8m of stock—a quarter of the issued capital—will be made through Manchester stockbrokers Halliday Simpson and Co.

The group was founded by its chairman, Mr. Neville Johnson, in 1965.

For the year ended August, 1978, profits were up from £981,000 to £1½m.

CHANGE WARES

Change Wares announces that its rights issue has attracted acceptances. The balance of 811,538 new ordnary shares has been sold in the market at a premium for the benefit of shareholders entitled thereto.

WM. MOWAT AND SONS (property investment and dealing)—Turnover for year to May 31, 1978 £164,098 (£157,575). Pre-tax profit £20,046 (£12,856). Tax £94 (£55). No dividend since 1972-73.

FERRY PICKERING GROUP (printer packer and publisher)—Results for the year to June 30, 1978, reported September 21. Group fixed assets £1.52m (£1.27m). Net current assets £2.15m (£1.75m). Chairman says he is optimistic that the company will remain on its progressive course. The first three months' business has been on an encouraging level supported currently by a satisfactory order book. Meeting, Leicester on November 6 at noon.

Chambers & Fargus sees improvement

Mr. G. H. Elliot, the chairman of Chambers and Fargus says in his annual statement that he hopes the company will improve its profits again this year, helped by the removal of operating losses on the soya extraction plant.

Refining margins remain satisfactory and the company has a good crushing programme. The closing down costs of the soya plant will affect the first half results but directors expect to sho wa modest profit for that period.

As previously reported pre-tax profit in the July 1, 1978, year increased from £38,388 to £127,632. At balance date net current assets were £0.76m (£0.57m) and fixed assets £1.36m (£1.53m).

Christian Salvesen owns 27.08 per cent of ordinary shares.

Meeting, Hull, November 10, at noon.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY—Results for June 30, 1978 year already known. Group listed investments R141.1m (R147.46m), unlisted R27.81m (R20.58m), fixed assets R60.27m (R53.48m), mining assets R17.95m (R11.76m), current assets R148.59m (R114.32m), liabilities R139.[illegible]m (R115.68m). Meeting, Johannesburg, November 9.

Sime Darby still keeps Turquand waiting

BY JAMES BARTHOLOMEW

Sime Darby Holdings yesterday snubbed the attempts of its *auditors, Turquand, Youngs and* Company to obtain an "acceptable" explanation of why they are being given the sack.

Sime Darby said that it would not take part "in an exchange of press announcements" with Turquand but would simply follow the procedure indicated by the U.K. Companies Acts. Sime will await the formal representations which Turquand has the right to make to shareholders appealing against dismissal. Only then will Sime "communicate with its shareholders."

Turquand has been trying to force Sime give an "acceptable" reason for its dismissal for over two weeks. It does not find the one already given convincing. This was that Turquand's international coverage is inferior to that of its mooted replacement, Price Waterhouse and Co.

Turquand also alleged on Wednesday that this publicly given explanation was quite different from two reasons given privately. But these, too, were considered "insubstantial in the extreme." Sime yesterday did *not refer to Turquand's concern* about the "real" reason for its dismissal. Mr. Dennis Garrett, senior partner of Turquand Barton Mayhew, called the Sime statement "a good smokescreen."

Meanwhile, the row within the Boardroom of Sime went a stage further yesterday. Mr. Stanley Booton, who as finance director is closely involved in the audit work, confirmed the allegation of Turquand that he had opposed the Board's decision. He said: "In my view, there was not in March, 1978, and is not now, any merit in the reasons advanced for the proposed change in auditors and therefore the Board's recommendation to the shareholders is not justified.

"I am of the opinion that Turquand Youngs and Co. have discharged their responsibilities in an exemplary fashion in the interests of shareholders," he added.

But the director who abstained from the Boardroom vote, Tan Sri Taib Andak, ducked out of the controversy. In his statement, the third of the day, he said that *he only abstained because he has* friends and relatives employed by both accounting firms. "My abstention should in no way be interpreted as an indication of my disagreement with the Sime Darby Board recommendation regarding change of auditors," he said.

The Sime Darby report and accounts will be sent to shareholders of October 23 and the annual meeting at which shareholders will choose next year's auditors will take place in Kuala Lumpur on November 17.

● In yesterday's Financial Times, comments and remarks were attributed to Mr. Booton which were in fact made by Mr. Douglas Beaton, senior partner of Turquand, Youngs and Co. in Singapore. We wish to make it clear that Mr. Booton had not, at that time, made any statement about the proposed change of auditors. We unreservedly apologise for any embarrassment caused to either party.

● MIDLAND EDUCATIONAL BATTLE

Striving to stay independent

BY ANDREW TAYLOR

Alfred Preedy this week joined Pentos and Lonsdale Universal in the growing struggle for control of Midland Educational, the Birmingham based bookseller and stationer.

Interest in Midland has not developed overnight. Potential suitors have been beating their way to the Midland door since the early 1960's but too date the group has shown a fierce determination to remain independent.

It has already rejected the £2.1m cash bid from Pentos and the cash and shares offer from Lonsdale Universal worth £2.9m, and is currently considering the latest offer, from Preedy, worth £3.3m.

Meanwhile, Midland's share price has raced ahead to 263p—rising another 17p yesterday—which is some 27½p a share above Preedy's offer worth 235½p a share.

The group has not written-off the possibility that even another suitor may yet appear—given the number of approaches it has received in recent years.

Midland has obvious commercial attractions to the three bidders—all of which operate in similar areas.

In the year to March 31, 1978, Midland's pre-tax profits rose almost 28 per cent to a record £400,354 while turnover increased 14 per cent to £7.5m. Pre-tax profits have risen at a compound rate of 25 per cent over the past 10 years.

The group does not provide a profits breakdown but Midland's managing director Mr. J. T. Sayer said yesterday that there was a fairly even sales split between its *various business interests*—with bookselling slightly above the rest.

The group operates 24 retail outlets, the majority of which sell a wide range of books, stationery, records and toys. It also has six shops selling only toys and has recently acquired a new interest with the purchase of three glass and fine china shops. On top of this the group also has some printing interests.

Midland, however, is perhaps best known for its educational books, which it retails alongside its general book range, as well as selling direct to universities, schools and libararies.

It is this particular aspect of Midland's business which has caught the attention of Pentos and Lonsdale.

Mr. Terry Maher, chairman of Pentos, said yesterday that his group was only interested in Midland's book interests.

Pentos has 24 retail outlets selling purely books. Mr. Maher said he would expect to develop Midland along similar lines. Like Midland, the Pentos group also has strong interests in educational books and operates around eight of its retail outlets on university campuses. The group also sells direct to universities, schools and libraries.

Last year pre-tax profits of Pentos increased 10.1 per cent to £3.26m—with bookselling publishing generating 45 per cent of total profits.

The group has been steadily increasing its book retailing interests since it acquired its first three outlets with the purchase of Hudson's bookshops in 1972. In the current year it has acquired a further seven retail outlets. Mr. Maher said that he expects book retailing to generate sales of around £12m in the current year.

Lonsdale also expresses a strong interest in Midland's bookselling interests. Last year bookselling generated pre-tax profits of £142,000—over 8 per cent of total profits.

Mr. A. K. W. Edwards, deputy, chairman and managing director of Lonsdale, says that the group is one of the largest UK suppliers of educational books to universities and public libraries.

Since the end of last year Lonsdale has acquired a similar book selling operation in Australia and Mr. Edwards says the acquisition of Midland will provide a further opportunity for expansion notably at the retail end of the market.

However, Lonsdale's major business is office and other stationery, generating 88 per cent of pre-tax profits last year. Mr. Edwards says that Midland's stationery outlets plus its printing and envelope business were equally important to the group.

Alfred Preedy, which began life as a tobacconist chain, has been steadily up-grading its image in recent years. In an attempt to move away from the tobacconist and newsagent image the group has opened 25 stores—out of a total retail chain of 161 outlets—to sell a wide range of books, toys, records, stationery and more recently artists' products.

Mr. H. L. Preedy, chairman of the group, said yesterday that the acquisition of Midland would provide a further opportunity for expansion.

He said that turnover from book, stationery and card sales were expected to reach £7m in the current year. Last year Preedy achieved pre-tax profits of £1.2m on the back of £54m sales.

It now remains to be seen if the directors of Midland—who control around 5 per cent of the ordinary shares—will accept the latest bid.

Neither of the three contenders show any signs of pulling out of the fight and Lonsdale has asked the Midland directors to name the terms at which they would accept a bid for the group.

Glendevon borrows $1m to hold overseas ratio

To maintain some two-thirds of its equity investments in overseas areas the directors of *Glendevon Investment Trust have* recently borrowed an additional U.S.$1m for investing abroad. However any *substantial* increase in gearing would prejudice revenue growth and it remains their aim to provide a steady rise in dividends, says Mr. J. A. Lumsden, the chairman.

The trust's broad investment strategy is to maintain a balanced portfolio based primarily on the three major economies of the UK, the U.S. and Japan, with significant interests also in other areas such as Asia, Brazil and Europe, he explains.

The prospects for the UK equity market and for long dated gilts should be favourable in the immediate future but in the longer term the competitive position of manufacturing industry in the country continues to cause concern.

There appears to be indications that the rate of inflation in the U.S. may be reaching a peak. Interest rates may not rise much further and should then begin to turn down. In this broad-based economy there are many companies which have shown a steady growth record and the directors believe this situation will continue.

The Japanese yen remains strong and, although some curtailment of exports may be necessary, the domestic economy should continue to benefit from Government support and this should help corporate profits.

As known for the year to July 31, 1978, pre-tax revenue improved to £303,815 (£256,679) on gross revenue down from £829,979 to £732,345 and the net dividend is raised to 1.85p (1.65p) per 25p share.

At the year end, liquidity was *down £183,000 (£1.58m) and net* current liabilities amounted to £595,356 (£559,374). Debenture and loan debt was lower at £2.78m (£3.44m) leaving net assets at £14.52m (£11.81m).

Investments of £17.87m (£15.78m) comprised £7.4m listed in UK and £9.71m listed overseas at market valuation and £110,852 at directors' valuation, and £647,588 currency premiums.

A geographical analysis of equity investments shows in percentages U.S. 32.13 (36.11); UK 31.28 (30.23); Japan 11.47 (10.57); Canada 2.60 (4.06); Brazil 1.65 (1.62); Asia 1.36 (0.94); Australia nil (0.27) and Europe 3.98 (3.68).

During the year all areas show an appreciation in values particularly the UK, Japan, U.S. and Europe.

Mr. Lumsden comments that the discount at which investment trust shares were valued on the stock market against their net asset values have tended to widen again. These discounts currently stand at what he considers an excessive level, particularly in view of the changes in regard to investment currency premium and the reduction in capital gains tax that have benefited investment trust companies over the year.

Meeting, Glasgow, on November 13 at 2.30 pm.

Brasway to reach £0.45m.

A MORE than doubled pre-tax profit of at least £450,000 and a fully restored dividend for the current year at Brasway was forecast by Mr. R. A. Swaby, the chairman, at the annual meeting.

For the year ended April 30, 1978, from taxable profit of £212,991 a final of 1p net was paid. In the previous two years the company incurred losses totalling some £912,000.

The chairman told members that in spite of the excellent turnround in fortunes it was a most difficult and demanding year for everyone in the group. Trading conditions were not good and Brasway had to fight for every order, with profit margins under constant pressure.

"We have emerged a stronger and a more viable company with a well-equipped team to face the future with increased confidence and anticipation," Mr. Swaby said.

Although profitable trading was still difficult the group had some good years ahead of it, he added.

Future growth had been well planned and although he anticipated profits to largely come from the tube division, the returns from the scrap side of the business would not be inconsiderable.

Peak £0.63m at Guildhall Property

Following a £42,990 first-half advance to £296,000, pre-tax profit of **Guildhall Property Company** ended the June 30, 1978 year ahead from £544,635 to a record £632,228.

After tax of £313,970 (£264,860) net profit was higher at £318,258 compared with £279,775. Earnings per 25p share of this close company are given at 5.04p against 4.4p, and the final dividend of 2.05p takes the net dividend total from 2.1045p to 2.69p.

MLR rise hits Gerrard & National

Reflecting a jump from 6¾ per cent to 10 per cent in the MLR during the first six months of 1978-79 profits of **Gerrard and** National Discount in the period fell well short of the record figure for the same period of last year.

However, the directors state that considering this unfavourable background the level achieved was good.

They say that it is difficult to forecast the full year's result but it is intended to increase the dividend total by the maximum permitted. The interim is being maintained at 4p—an additional *0.0632p is also declared in respect* of 1977-78 bringing that year's total up to 8.2342p. Last year's net taxed profit was £5.71m.

De Vere Hotels higher

IN LINE with the forecast of a significant advance, taxable profit of **De Vere Hotels and Restaurants** rose by 35 per cent *from £0.77m* to £1.05m in the nine months to September 30, 1978. Turnover was ahead from £11.23m to £12.63m.

Directors say the favourable trend should continue for the remainder of the financial year, in the absence of unforeseen circumstances.

Trading profit was up at £2.31m (£1.77m) while investment income rose from £16,760 to £17,878 in the period. Interest charges, directors' emoluments, auditors' remuneration, repairs and renewals and depreciation and amortisation absorbed £1.28m (£1.02m).

The profit is subject to tax of £512,573 (£370,447), leaving net profit at £533,495 (£401,316).

The interim dividend is lifted from 1.0965p net per 25p share to 2.2294p. Last year a 2.6564p final was paid on record profits of £1.52m. Again Mr. Leopold Muller, the chairman, has waived entitlements on 5.44m shares.

London & Montrose improves

Gross income of the **London and Montrose Investment Trust** rose from £956,302 to £1.03m in the year ended September 30, 1978, and net available revenue was £591,462 against £533,341.

After tax of £366,671 (£351,700) earnings per share are shown at 5.99p against 5.38p. A second interim dvidend of 4.65p lifts the total from 5.25p to 5.9p.

Ldn. Scottish Finance jumps

WITH PROFITS showing a jump of 94 per cent **London Scottish Finance Corporation** has obtained Treasury permission to boost its dividend payout by 23.5 per cent for the year ended July 25, 1978.

Second half profits before tax of the group (formerly Refuge Securities) are almost doubled from £204,110 to £400,618 taking the total for the year up from £326,263 to a record £631,403. This was struck after lower finance cost of £491,069 against £612,131.

When reporting on the half year figures the directors explained that heavy non-recurring expenditure had been absorbed in connection with the rationalisation of Dupont Brothers. This company was trading profitably and they expected it to make a significant contribution to group profits in the second half.

Undiluted earnings per 10p share are stated to be up from 5p to 9p. The final dividend is being stepped up from 1p to 1.37p taking the total up from 1.7p to 2.14p which the directors say is the maximum permitted under the phase 3 legislation.

A one-for-two scrip issue is also proposed.

Trust company's £2m offices

A NEW £2m head office for the Trustee Savings Bank Trust Company was opened at Andover, Hampshire.

The building marks the tenth anniversary of the bank group's unit trust and insurance subsidiary, which was launched from a set of rented rooms in the City of London and is now one of the fastest-growing companies in the unit-linked investment field.

Scottish Mortgage advance

THOUGH INTEREST was higher at £633,156, against £396,333, Scottish Mortgage and Trust Company expanded taxable profit by £739,542 to £3,045,841 for the six months to September 30, 1978. Gross revenue was up £1m at £3.81m.

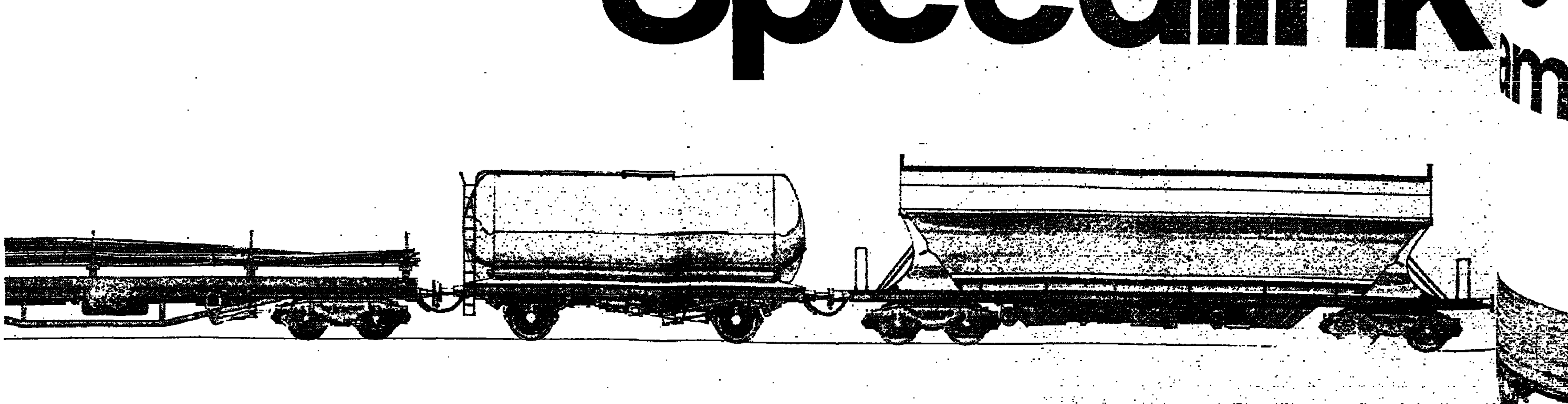
The higher earnings were in some part due to the incidence of income receipts arising from investment changes. The directors say they expect earnings for the year as a whole to show a comparable increase. For 1977 profit was marginally down £4.31m (£4.35m).

With total net assets at market value of £131.1m at September (£122.74m at March 31 year-end) net asset per share value, after deducting prior charges at par was 156.3p (140.8p) including the currency premium of 16.8p (17p).

Tax for the half-year took £1,485,493 (£1,030,275) leaving a net balance of £1,560,... (£1,276,024) for earnings per share of 2.12p (1.72p). The interim dividend is raised to 1.... (1.2p)—the final last year was 2.1p.

The half-time result was struck after expenses of £140,225, against £114,676.

During the period in addition to the borrowing of $8m to replace sales of investment currency reported earlier, the company has borrowed a further $9m to finance purchases of bonds of EEC institutions.



APPOINTMENTS

Board post at ICI Fibres

Dr. Iain M. Macfarlane has been ppointed a director of ICI IBRES from November 1. Dr. lacfarlane has worked for 12 ears in the U.S., most of the me with Fiber Industries Inc., CI's American associate. Since e beginning of this year he has een development and planning anager for ICI Fibres' textile lament business in Harrogate, orth Yorkshire. He will renquish that post to Mr. P. W. oore, at present ICI Fibres' comercial manager for textile filaent weaving yarns.

★

LINOTYPE-PAUL has appointed r. Charles D. Croker as financial rector.

★

Mr. G. Flanagan, at present sistant secretary in the finance ousing and general division of e Department of the Environent, will on November 1 become e NATIONAL FREIGHT CORRATION'S director of corporate anning. He will succeed Mr. ter Land who recently took up senior appointment with British ul.

★

Mr. Eric Blott, a former deputy neral secretary of the National nion of Journalists, is joining DEPENDENT TELEVISION BLICATIONS, publishers of TV mes, as personnel director. He s been personnel manager of e Liverpool Daily Post and Echo ice resigning his NUJ post in y 1973, and will take up his wly created appointment at ITP the beginning of December.

★

Mr. A. Winfield, docks manager Fleetwood in Lancashire is become docks manager at the ITISH TRANSPORT DOCKS ARD'S Merseyside port of rston from January 1 in place Mr. Bernard Pearson who is ving to Cardiff. The post of cks manager at Fleetwood is to filled by Mr. David Dixon, at sent secretary to the Board.

★

The Secretary of State for the vironment has appointed Miss nny Mellor of the National uncil of Social Services, to the ISE ADVISORY COUNCIL. She rks for Festival Welfare Seres, the organisation for the ordination of welfare work at festivals, based at the tional Council of Social vices.

★

Mr. Iain M. Harding has been pointed assistant secretary of SCOTTISH INVESTMENT UST.

★

Mr. Ian Wilkie has been pointed managing director of RWEST HOLST'S new plant distribution division.

★

HIRA, the textile research and vices centre, has appointed Mr. I. Brooke to the new post of ustrial adviser for synthetic ducts.

★

Mr. Brian Madderson has been ointed divisional director for sealing products division of HARD KLINGER.

★

Mr. John Hay, who joined ID FERTILISERS as general nager in September, 1977, has n appointed managing director. John Poulton and Mr. Brian lker, previously joint managing ectors, continue as directors.

★

AVIES AND NEWMAN HOLDS, parent company of Davies Newman and Dan-Air Sers, has appointed the following itional directors to the board: E. Horridge—deputy managdirector, Dan-Air Services: E. C. Hartwell—director, ies and Newman; Mr. D. P. bert—group secretary, Davies Newman Holdings: and Mr. R. F. Newman. DAN-AIR SERES has appointed Mr. W. es as financial director.

★

Mr. J. F. Howard and Mr. J. sons, executive directors, will re from the board of GUEST N AND NETTLEFOLDS on ember 31. Mr. Howard has n responsible for group inistration, and Mr. Parsons group personnel and interests South Africa.

★

ALEDONIAN AIRMOTIVE, the ly-formed Scottish engine overhaul and maintenance organisation has appointed as a director, Mr. George S. Hislop, currently consultant with Westland Aircraft, and a director of the British Hovercraft Corporation.

★

Mr W. Thompson, manager of Esso's Portslade Depot, has been appointed a member of SHOREHAM PORT AUTHORITY.

★

Mr. J. G. Dickson, assistant managing director and finance director, has been appointed joint group managing director of HANGER INVESTMENTS. He will supervise and co-ordinate the activities of the group's subsidiaries, in addition to his continuing responsibility for the leasing operations and corporate finance.

★

VIKING RESOURCES TRUST announces that Mr. M. H. Oram has been appointed a director. Among others, he is a director of Hume Holdings and deputy chairman of Oil and Associated Investment Trust.

★

Mr. A. J. Costelloe has been appointed a director of RUSH AND TOMPKINS and local managing director (south east region) following the resignation of Mr. R. G. Russon. Mr. P. D. Titmus has been appointed a local director (south east region).

★

Mr. Kenneth Dodson has been appointed a director and Mr. Bruce Hands sales consultant of the McGILL INSULATION GROUP, Hadleigh, Essex.

★

Mr. Michael Bosworth, deputy chairman of the board, has been appointed chairman of BRITISH TRANSPORT HOTELS from November 1.

★

Mr. I. M Campbell, board member and chief executive (railways) is appointed chairman of Transmark, the board's consultancy subsidiary. Mr. J. G. Urquhart, board member for operations and productivity, becomes chairman of BRE-Metro, and takes over as chairman of British Rail Engineering from Mr. Campbell in February.

★

Mr. John Twiselton, previously catering marketing manager of Ross Foods, has been appointed marketing director of ARA SERVICES, catering and vending company.

★

Mr. H. E. Lockhart-Mummery has been appointed chairman of the PERMANENT INSURANCE COMPANY in succession to Sir Clifford Naunton Morgan, who remains on the board.

★

Mr. T. P. Bayley, joint managing director of Coventry Motor Fittings, a subsidiary of COVRAD, has been appointed to the main board.

★

Mr. H. A. Ray has been appointed a member of the HOPS MARKETING BOARD for a period of three years, from September 29. He is national secretary to the food, drink, tobacco and agriculture trade group of the Transport and General Workers' Union.

★

CHEVRON INTERNATIONAL OIL COMPANY announces that Malcolm Hodge has been appointed managing director—aviation and marine sales in the Eastern Hemisphere. He was previously managing director—marine sales. Mr. C. G. Gips who was previously managing director — aviation sales, Eastern Hemisphere, is returning to San Francisco as manager—aviation and marine sales, Pacific Region.

★

Mrs. Heather McGrath has been appointed financial controller at Dobson and Crowther and Mr. Jim Birrell has become production manager. Mr. Barry Nazer has been made a director and general manager at Thomas Preston (Manchester) and Mr. Andrew Hague, financial controller. The companies are subsidiaries of SMURFIT FLEXIBLE PACKAGING.

★

Mr. Richard Rogers has been appointed a director of JARDINE D'AMBRUMENIL INTERNATIONAL.

AAC Group Gold Mining Companies

(All companies incorporated in the Republic of South Africa)

Transvaal

Reports of the directors for the quarter ended 30th September, 1978

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

PLANNED PRODUCTION FOR THE YEAR ENDING DECEMBER 31 1978

Tonnage 7 500 000 (previously 7 200 000) Grade 9.0 grams per ton

	Quarter ended Sept. 1978	Quarter ended June 1978	9 months ended Sept. 1978
OPERATING RESULTS			
GOLD			
Tons milled	2 067 000	1 914 000	5 873 000
Yield—g/t	8.97	8.97	8.85
Gold produced—kg	18 543	17 170	51 978
Revenue per ton milled	R51.47	R48.60	R47.27
Cost per ton milled	R28.14	R29.01	R28.36
Profit per ton milled	R23.33	R19.59	R18.91
Revenue (See Note 1)	R106 387 000	R93 013 000	R277 634 000
Cost	R53 168 000	R55 517 000	R166 559 000
Profit	R48 219 000	R37 496 000	R111 075 000
URANIUM OXIDE			
Tons treated	1 224 000	1 216 000	3 610 000
Yield—kg/t	0.23	0.22	0.22
Oxide produced—kg	281 430	270 728	798 591
FINANCIAL RESULTS			
Working profit—Gold	R43 219 000	R37 496 000	R111 075 000
Profit on sale of—			
Uranium Oxide	6 968 000	12 065 000	23 222 000
Sulphuric Acid	12 000	13 000	39 000
Net sundry revenue*	2 365 000	1 806 000	5 255 000
	57 564 000	51 380 000	139 591 000
Deduct:			
Royalty to Southvaal Holdings Limited—estimated	10 058 000	8 048 000	21 388 000
Profit before taxation and State's share of profit	47 506 000	43 332 000	118 203 000
Taxation and State's share of profit—estimated	11 624 000	3 605 000	22 980 000
Profit after tax and State's share—estimated	R35 882 000	R39 727 000	R95 223 000
Capital expenditure	R22 828 000	R31 010 000	R64 519 000
Loan Levies—estimated	R1 183 000	R305 000	R2 334 000
Dividend—interim			R19 000 000
CONSOLIDATED PROFIT			
Estimated consolidated profit after taxation and State's share of profit of the company and its wholly-owned subsidiary, Western Reefs Exploration and Development Company Limited	R35 891 000	R39 735 000	R95 243 000

* Includes net revenue of R1 728 000 for the quarter (June 30 1978: R471 050) being the company's share of revenue less operational costs in terms of the tributing arrangements with Buffelsfontein Gold Mining Company Limited.

SHAFT SINKING

No 9 shaft (South Lease Area)			
Advance—metres	50	59	109
Depth to date—metres	109	59	109

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Vaal reef							
Shaft area							
No. 1	3 828	446	23.1	87.06	2 011	2.44	56.43
No. 2	5 121	206	102.3	34.53	3 532	0.41	41.78
No. 3	958	104	20.3	64.33	1 307	2.23	45.17
No. 4	3 905	464	27.0	48.22	1 302	0.93	25 19
No 5	6 591	468	46.0	42.39	1 950	1.11	50 96
No. 8	12 522	1 032	91.1	32.43	2 954	0.74	67.56
Quarter ended September 1978	32 725	2 720	59.4	39.14	2 325	0.89	52.84
Quarter ended June 1978	33 033	3 108	51.8	44.44	2 302	1.09	56.39
9 months ended September 1978	95 067	8 280	54.6	43.21	2 359	1.00	54.72
C reef							
No 8							
Quarter ended September 1978	53	40	22.9	117.77	2 697	3.13	71.57
Quarter ended June 1978	Nil	—	—	—	—	—	—
9 months ended September 1978	91	40	22.9	117.77	2 697	3.13	71.57

DIVIDEND

The interim dividend of 100 cents per share in respect of the year ending December 31 1978 was declared on July 20 1978 to members registered on August 4 1978 and was paid on September 8 1978.

CAPITAL EXPENDITURE

Estimated expenditure for the year ending December 31 1978 is R90 000 000 (previously R72 000 000). The increase in estimated expenditure is principally due to the acceleration of certain major capital projects.

Orders placed and outstanding on capital contracts as at September 30 1978 totalled R19 039 000.

VAAL REEFS SOUTH LEASE AREA

Included in the above are the following figures in respect of the South Lease area:

PLANNED PRODUCTION FOR THE YEAR ENDING DECEMBER 31 1978

Tonnage 2 400 000 (previously 2 300 000) Grade 10.0 grams per ton

	Quarter ended Sept. 1978	Quarter ended June 1978	9 months ended Sept. 1978
OPERATING RESULTS			
GOLD			
Tons milled	728 000	608 000	1 905 000
Yield—g/t	10.16	10.28	9.98
Gold produced—kg	7 392	6 248	19 009
Revenue per ton milled	R58.40	R57.42	R54.11
Cost per ton milled	R26 76	R30.18	R28.33
Profit per ton milled	R31.64	R27.24	R25.78
Revenue (See Note 1)	R42 517 000	R34 904 000	R103 076 000
Cost	R19 482 000	R18 352 000	R53 963 000
Profit	R23 035 000	R16 557 000	R49 113 000
URANIUM OXIDE			
Tons treated	385 000	403 000	1 136 000
Yield—kg/t	0.23	0.22	0.22
Oxide produced—kg	89 024	89 624	248 750
FINANCIAL RESULTS			
Working profit—Gold	R23 035 000	R16 557 000	R49 113 000
Profit on sale of Uranium Oxide	1 496 000	2 601 000	4 969 000
	24 531 000	19 158 000	54 082 000
Add: Net sundry revenue*	1 228 000	471 000	1 954 000
	R25 759 000	R19 629 000	R56 036 000
Capital expenditure—new South uranium plant	R7 392 000	R12 103 000	R20 687 000
—Other	7 230 000	4 752 000	16 420 000
Total	R14 622 000	R16 855 000	R37 107 000

* This company's share of revenue less operational costs in terms of the tributing arrangements with Buffelsfontein Gold Mining Company Limited.

DEVELOPMENT—SOUTH LEASE AREA

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Vaal reef							
Quarter ended September 1978	12 522	1 032	91.1	32.43	2 954	0.74	67.56
Quarter ended June 1978	12 432	1 134	74.0	40.57	3 002	0.86	63.30
9 months ended September 1978	35 285	2 936	76.2	37.61	2 866	0.84	64.01
C reef							
Quarter ended September 1978	53	40	22.9	117.77	2 697	3.13	71.57
Quarter ended June 1978	Nil	—	—	—	—	—	—
9 months ended September 1978	91	40	22.9	117.77	2 697	3.13	71.57
Area under tribute to and developed by Buffelsfontein (not included in totals)							
Vaal reef							
Quarter ended September 1978	2 314	318	124.2	13.87	1 722	0.51	63.20
Quarter ended June 1978	1 966	330	108.1	13.08	1 414	0.47	51 24
9 months ended September 1978	6 070	834	114.1	13.06	1 490	0.48	54.58

CAPITAL EXPENDITURE

Estimated expenditure for the year ending December 31 1978 is R56 000 000 (previously R46 000 000) of which R31 700 000 (previously R26 400 000) is in respect of the new South uranium plant.

Orders placed and outstanding on capital contracts as at September 30 1978 totalled R14 425 000.

For and on behalf of the board
G. LANGTON }
W. R. LAWRIE } Directors

October 20 1978

ELANDSRAND

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL. 75 484 238 shares of 20 cents each

CAPITAL EXPENDITURE

Net expenditure on mining assets:

Quarter ended Sept. 1978	Quarter ended June 1978	9 months ended Sept 1978
R20 104 000	R15 169 000	R46 881 000

Net expenditure on mining assets since the inception of the company to September 30 1978 was R145 526 000.

Net expenditure on mining assets for the twelve months ending December 31 1978 is estimated at R78 000 000.

Orders placed and outstanding on capital contracts as at September 30 1978 totalled R36 829 000.

Prior to commencement of production, expenditure will be capitalised and revenue earned, after any taxation payable thereon, will be credited to mining assets.

	Quarter ended Sept 1978 (metres)	Quarter ended June 1978 (metres)	9 months ended Sept 1978 (metres)
SHAFT SINKING			
Men-Material Shaft			
Advance	37	72	156
Depth to date	2 089	2 052	2 089
Station cutting	766	751	2 288
Orepass raiseboring	161	228	359
Rock/Ventilation Shaft			
Advance	—	—	35
Depth to date (final depth)	—	—	2 195
Station cutting	—	—	90

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t
V.C.R.					
Quarter ended September 1978	4 247	498	70 6	12.24	864
Quarter ended June 1978	2 702	150	60 9	11.84	721
9 months ended September 1978	8 898	638	68.3	12.15	830

To date reef development has been in the east of the lease area adjoining Western Deep Levels Limited and near the shaft pillar, both anticipated low-grade areas.

GENERAL

The Rock/Ventilation Shaft was commissioned on September 19 1978. Six raise connections are currently being developed.

Work on all surface installations is proceeding according to the revised accelerated programme.

The mine is still expected to reach a milling rate of 60 000 tons a month in June 1979.

CHANGE IN FINANCIAL YEAR-END

On October 2 1978 the Registrar of Companies approved the change in the company's financial year end from December 31 to March 31 for administrative reasons. The current "financial year" will be the fifteen-month period from January 1 1978 to March 31 1979.

For and on behalf of the board
D. A. ETHEREDGE }
W. R. LAWRIE } Directors

October 20 1978

ERGO

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 40 000 000 shares of 50 cents each

Financial year ending March 31 1979

	Quarter ended Sept. 1978	Quarter ended June 1978	6 months ended Sept. 1978
OPERATING RESULTS			
Slimes treated—tons	4 150 000	3 511 000	7 661 000
Production—			
sulphur in pyrite—tons	33 031	24 185	57 216
uranium oxide—kg	40 922	26 086	67 008
sulphuric acid—tons	77 735	68 638	146 373
oleum—tons	5 067	664	5 731
gold—kg	919	587	1 506
FINANCIAL RESULTS			
Sales	R11 313 000	R6 394 000	R17 707 000
Operating profit	R4 146 000	R1 431 000	R5 577 000
Less: Net sundry expenditure	508 000	243 000	751 000
Profit	R3 638 000	R1 188 000	R4 826 000
Capital expenditure	R1 376 000	R[illegible] 622 000	R6 998 000

There is no provision for taxation as the company has a computed tax loss.

Net expenditure on mining assets since the inception of the company to September 30 1978 was R137 425 000 and orders placed and outstanding on capital contracts at that date totalled R2 423 000.

For and on behalf of the board
D. A. ETHEREDGE }
M. S. McCRUM } Directors

October 20 1978

SOUTHVAAL HOLDINGS

SOUTHVAAL HOLDINGS LIMITED

The attention of shareholders is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES

1. NEW GOLD PAYMENT PROCEDURES
From April 11 1978, payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the changeover distorted revenue for the June quarter thus making it not comparable with other quarters.
2. Development values represent actual results of sampling, no allowance having been made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent. TN24 8EQ

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 6 600 000 shares of 35 cents each

	Quarter ended Sept. 1978	Quarter ended June 1978	9 months ended Sept 1978
FINANCIAL RESULTS			
Gold revenue (See note 1)	R2 417 000	R1 907 000	R5 395 000
Sale of salvaged equipment and scrap	42 000	165 000	291 000
Sale of capital items	28 000	8 000	87 000
Net sundry revenue	192 000	208 000	549 000
	2 679 000	2 288 000	6 323 000
Deduct:			
Operating and salvage costs	1 751 000	1 305 000	4 101 000
Surplus before taxation	928 000	983 000	2 222 000
Taxation—estimated	458 000	370 000	897 000
Surplus after taxation	R470 000	R613 000	R1 325 000
Prospecting expenditure	R71 000	R76 000	R257 000

OPERATIONS

The company continued treating waste rock and crushing-plant slimes from various locations on the East Rand. Mill throughput for the September quarter amounted to 279 000 tons (June quarter 232 000 tons).

PROSPECTING

Owing to problems encountered in drilling borehole SRK.1, situated in the area south-west of the mine workings, progress on this hole has been much slower than envisaged.

As stated in an announcement published on July 27 1978 drilling in borehole SWP.1 has been discontinued.

Orders placed and outstanding as at September 30 1978 totalled R217 000.

For and on behalf of the board
D. A. ETHEREDGE }
M. S. McCRUM } Directors

October 20 1978

WESTERN DEEP LEVELS

Western Deep Levels Limited

ISSUED CAPITAL: 25 000 000 shares of R2 each

PLANNED PRODUCTION FOR THE YEAR ENDING DECEMBER 31 1978

Tonnage 3 150 000 (previously 3 000 000) Grade 14.4 grams per ton.

	Quarter ended Sept 1978	Quarter ended June 1978	9 months ended Sept 1978
OPERATING RESULTS			
GOLD			
Tons milled	630 000	832 000	2 426 000
Yield—g/t	[illegible]	14.27	14.39
Gold produced—kg	11 906	11 876	34 839
Revenue per ton milled	R81.99	R77 05	R76.52
Cost per ton milled	R33.27	R29 36	R31 99
Profit per ton milled	R48.72	R47.69	R44.53
Revenue (See Note 1)	R68 052 000	R64 108 000	R155 645 000
Cost	R27 611 000	R24 435 000	R77 608 000
Profit	R40 441 000	R39 673 000	R108 037 000
URANIUM OXIDE			
Tons treated	211 000	226 000	656 000
Yield—kg/t	0.20	0.21	0.21
Oxide produced—kg	42 405	48 014	137 722
FINANCIAL RESULTS			
Working profit—Gold	R40 441 000	R39 673 000	R108 037 000
Profit on sale of Uranium Oxide	793 000	1 720 000	2 994 000
Net sundry revenue	1 645 000	1 236 000	3 815 000
Profit before taxation and State's share of profit	42 879 000	42 629 000	114 846 000
Taxation and State's share of profit—estimated	22 097 000	22 413 000	59 627 000
Profit after tax and State's share—estimated	R20 782 000	R20 216 000	R55 219 000
Capital expenditure	R6 180 000	R6 075 000	R16 770 000
Loan levies—estimated	R2 445 000	R2 469 000	R6 579 000
Dividend—interim			R16 250 000

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Carbon Leader							
Shaft area							
No. 2	4 240	10	17.8	97.87	1 742	0.60	10.70
No 3	5 295	20	52.2	109 52	5 717	1.59	83.24
Quarter ended September 1978	9 533	30	40.7	107.91	4 392	1.45	59.06
Quarter ended June 1978	9 053	150	38.8	205.75	7 983	3 05	118.30
9 months ended September 1978	26 739	278	39.3	161.63	6 352	2.33	91.50
V.C.R.							
Shaft area							
No. 2	1 425	108	118.3	17 07	2 019	—	—
No. 3	1 088	200	[illegible]	21.74	500	—	—
Quarter ended September 1978	2 511	308	56.4	18.32	1 033	—	—
Quarter ended June 1978	2 563	212	60.7	17.68	1 073	—	—
9 months ended September 1978	7 622	718	64.0	20.64	1 321	—	—

DIVIDEND

The interim dividend of 65 cents per share in respect of the year ending December 31 1978 was declared on July 20 1978 to members registered on August 4 1978 and was paid on September 8 1978.

CAPITAL EXPENDITURE

Estimated expenditure for the year ending December 31 1978 is R26 000 000.

Orders placed and outstanding on capital contracts as at September 30 1978 totalled R3 659 000.

URANIUM PLANT EXTENSION

An announcement was published on September 8 1978, and copies thereof posted to all members, stating that it has been decided that an extension to the existing uranium plant will be built, capable of treating an additional 200 000 tons of material a month to produce approximately 175 000 kilograms of uranium a year. The extension will treat the remaining current arisings from the Carbon Leader orebody and in addition 50 000 tons a month of uranium-bearing reclaimed slimes. The escalated capital cost of the extension is estimated at R50 million which will be spent mainly during 1979 and 1980. It is expected that production will commence during the second half of 1981.

For and on behalf of the board
G. LANGTON }
W. R. LAWRIE } Directors

October 20 1978

EAST DAGGAFONTEIN

East Daggafontein Mines Limited

ISSUED CAPITAL: 3 730 000 shares of R1 each

	Quarter ended Sept. 1978	Quarter ended June 1978	9 months ended Sept. 1978
FINANCIAL RESULTS			
Royalties and gold revenue	R12 000	R415 000	R670 000
Sale of salvaged equipment and scrap	5 000	28 000	35 000
Sale of capital items	—	—	76 000
Sundry revenue	30 000	36 000	94 000
	47 000	479 000	875 000
Deduct:			
Costs	19 000	56 000	125 000
Surplus before taxation	28 000	423 000	750 000
Taxation—estimated	9 000	245 000	413 000
Surplus after taxation	R19 000	R178 000	R337 000
Dividend—interim			R933 000

DIVIDEND

The interim dividend of 25 cents a share in respect of the year ending December 31, 1978 was declared on July 20, 1978, to members registered on August 4, 1978, and was paid on September 8, 1978.

For and on behalf of the board
D. A. ETHEREDGE }
M. S. McCRUM } Directors

October 20 1978

NEWS ANALYSIS: RHYS DAVID EXPLAINS WHY FANS OF THE NORTH EAST ARE FIGHTING EACH OTHER

Development Council warned to leave politics to counties

IF THE usually fairly forceful voice of the North-East of England has appeared somewhat muted over recent months, it should perhaps not be very surprising, for the arguments of both the body charged with promoting the area—the North of England Development Council—and its local paymasters, the county councils, have for some time being directed at each other.

In an area as intensely political as the North-East, the North of England Development Council has been under fire for entering—in some eyes at any rate—too deeply into politics. It is a field which the politicians on the local authorities who supply NEDC with much of its cash feel should be left pretty much to them, and at a meeting today of the councils' own co-ordinating committee—the North-East County Councils Association—some fairly tight guidelines governing the way in which NEDC is to behave are likely to emerge.

The line-up is not simply NEDC on the one hand and county councils on the other, however, for the dispute has managed to divide political allies and unite opponents as well. The staunchly Tory Northumberland County Council, though never openly critical of NEDC, favours new guidelines, the chief advocates of which are the Labour-controlled Tyne and Wear County. The Labour group in Cleveland finds itself in a difficult position, however, because one of its members, Mrs. Maureen Taylor is the current NEDC chairman. Some support for the NEDC has come, too, from the Northern regional Council of the Labour Party, which has warned that the area could suffer if the present row led to NEDC's demise. The fourth county represented at today's talks will be Durham, the erstwhile fifth county member of NEDC, Cumbria, having packed its bags and left last year.

Rumblings against the NEDC go back some way but they have tended to come to a head over the past year for a number of reasons. In the first place, since local government reform in 1974, the county authorities have themselves become much more involved in industrial promotion, in some cases in competition with regional bodies such as the NEDC. NEDC's income last year of just under £500,000 was made up of £275,000 from government, with the balance coming mostly from the four county councils.

Under its equally outspoken director, Mr. John Hobbs, NEDC has continued to interpret its remit fairly widely, treading in the process on some sensitive toes. It lobbied actively earlier this year against a bill being promoted by the Greater London Council to stimulate industrial development in inner boroughs of the capital, claiming that this made a mockery of regional policy. It has also lobbied against transport policies which it considered harmful to the region, and made some strong criticisms of the development incentives offered in the Irish Republic.

But perhaps the cardinal sin committed by NEDC for its critics, at any rate, was to organise two years back a seminar on devolution at which the Scottish National Party was represented. The North East has been vigorously opposed to the Scottish Assembly and concerned at the likely impact on the region's economy of the spending power now available to the Scottish Development Agency. Granting the Scottish Nationalists a platform to outline their view in the heart of Newcastle has rankled ever since with Tyne and Wear.

At the same time the county councils in the area have been developing their own machinery for co-ordinating action and for arriving at an agreed view on matters affecting the area—NECA—and wants its supremacy to be recognised. It is through NECCA that the councils would like to see NEDC operating, and at today's meeting the authorities will be discussing possible guidelines drawn up by their officers in relation to NEDC. These have not yet been revealed but Tyne and Wear, who have been busy drawing up their own suggested guidelines for NEDC in recent weeks, have made it plain what they want.

When their ideas appeared in the Press there was an immediate and anguished response from Mrs. Taylor, the NEDC chairman. The list included stipulations that NEDC should not be involved in any expression of political comment without NECCA clearance, or pronounce on matters of regional significance or the regional strategy. Nor should NEDC change its own programme or policies without NECCA permission or be involved in trade missions overseas.

The proposals put forward by NECCA's officers, who are drawn from all the county councils may not be as far-reaching as those from Tyne and Wear but tighter controls now seem likely with NEDC plainly in a fairly weak bargaining position. Tyne and Wear has already threatened to pull out of NEDC and is only likely to stay if the organisation is placed under NECCA control. If it were to leave it would create a major dent in NEDC finances and other authorities might also waver. NEDC would itself lose its claim to be truly representative if it lost the support of the most populous county in the region.

It may not come to this, however. Indeed all sides are hoping a formula can be worked out which is generally acceptable and which can enable NEDC to get on with its main task: selling the region.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Renault Trucks may shut older plants

By Our Own Correspondent

PARIS, Oct. 19.

RENAULT Vehicles Industriels, France's leading commercial vehicle group, accounting for nearly half of the domestic market, has warned its 38,000 workforce that it may be forced to reduce employment in the New Year. It has also indicated that it may be obliged to close certain manufacturing facilities at older sites. Both questions are subject to special studies which will be completed before Christmas.

The need, if the present depressed market conditions continue, to reduce the workforce at both shopfloor and bureaucracy, and to press ahead with the modernisation of plant in order to improve productivity, has been repeatedly stressed by M. Francois Zannotti, the head of RVI. He has insisted that the recently-acquired freedom for companies to set their own prices without government intervention must be accompanied by the parallel freedom to adjust the level of their workforce to remain competitive at the international level.

The announcement that the company was preparing to take the plunge was made to the first group works council of the merged Berliet-Saviem operation in Lyon this week.

At the same time, M. Zannotti announced that a further six working days would be sacrificed at the end of October and the beginning of November to prevent the excessive build-up of stocks at the group's two main factories of Blainville and Venissieux. The former has already seen 19 days of technical unemployment so far this year and the latter six days.

Wages are being blocked at all levels until the end of the year, but the working week is being slipped from 41 to 40 hours also in the interests of limiting output.

At management level, the group is simplifying its structure to enable M. Zannotti and his "war cabinet" to have a much more direct field of vision in piloting the group through its current financial difficulties. The Berliet and Saviem managements were superimposed upon each other when the two operations were merged, making the command structure top-heavy.

Now, three senior directors, including M. Vincent Grob and M. Michel Dupont, the heads of Berliet and Saviem respectively, are stepping down to take up jobs at the Renault group level.

Upturn at Rhone-Poulenc continues in second half

BY DAVID CURRY

PARIS, Oct. 19.

RHONE-POULENC, one of France's leading chemicals and textile groups, has sustained its recovery into the second half of the year despite the continued sluggish performance of the basic chemicals sector. M. Renault Gillet, the chairman, gives most credit for the improved results to the group's own efforts to get to grips with the losses in its French textile operations, rather than to any marked recovery of demand.

However, he does report a strong advance from the increasingly important divisions covering pharmaceutical and plant health products, which chalked up an 18.8 per cent gain in sales over the first six months of the year to FFr 3.28bn to account for a quarter of group sales. These areas have maintained their sales momentum into the second half.

The chemical divisions, accounting for more than 40 per cent of turnover, managed a first half growth of only 3.3 per cent. Petro-chemicals held up better than basic chemicals, but both suffered from severe international competition and world over-capacity.

The crucial sector for the group at the moment is textiles. The first half 1977 loss of FFr 347m was trimmed back to FFr 250m in the first half of this year as the group implemented its policy of reorganising its production around the two products nylon and polyester. Some FFr. 450m is to be invested in this sector up to 1979, and FFr 260m has already been committed.

Over the first eight months of the year, Rhone-Poulenc Textile saw its sales in France advance by 3.6 per cent for a volume roughly comparable with last year, permitting a 15 per cent improvement in the still negative results. The German subsidiary balanced its books in the first half on a 6 per cent sales increase, the Swiss company Viscosuisse stayed in the red on a decline in sales, while the Spanish subsidiary showed profits on unchanged sales volume.

At the end of August, May and Baker sales were 20.5 per cent to the good in terms of French francs, Rhodia in the U.S. was showing an 11 per cent sales gain—also in franc terms—while in Brazil, Rhodia had improved profitability and reduced its working capital and debt.

M. Gillet outlines the group's policy in the loss-making plastics division, where over-capacity has led to sharp price declines. It has decided to maximise its position in polyvinyl chloride, improve its position in polymers in dispersion, and develop technical polyamides on overseas markets.

He also mentions the group's commitment to high technology sectors, including projects to make materials for use in electronics, the production of uranium oxide from phosphoric acid, and the production of systemic fungacides.

In the first half, the group reported FFr 150m net profits on turnover up by 6.8 per cent to FFr 13.16bn. Cash flow improved to FFr 1.6bn.

The figures are not comparable with those for last year, notably because of the need for the parent company to abandon credits to Rhone-Poulenc Textile at the end of the 1977 financial year.

Holzmann in U.S. merger talks

BY GUY HAWTIN

FRANKFURT, Oct. 19.

PHILIPP HOLZMANN, the large Frankfurt-based construction concern, is in talks which could lead to the takeover of the U.S. concern, J. A. Jones Construction Company. If the deal went through, it would give Holzmann its first North American subsidiary.

J. A. Jones, which operates out of Charlotte, North Carolina, and is registered in Delaware, last year had turnover of some $600m. Therefore it would be a very large acquisition for Holzmann, whose sales amounted to DM 1.7bn ($926.4m) in the first half of 1978.

The American concern is privately owned—with 70 per cent in the hands of the Jones family and remaining shares largely in the ownership of the group's employees. Holzmann was today unwilling to name the likely purchase price and was unable to give Jones' profit records.

Holzmann — whose leading shareholders are Deutsche Bank and Westdeutsche Landesbank, both with more than 25 per cent —does a great deal of business overseas. Last year its total construction output was some DM 3.32bn, of which 50 per cent was overseas. At the same time, overseas work constituted some 75 per cent of its DM 5.02bn order book.

J. A. Jones Construction, on the other hand, mainly operates in the U.S. domestic market. Only some $100m of its sales were abroad, in Saudi Arabia and Iran. It is understood that this strong emphasis on the U.S. domestic market is one of the main attractions for Holzmann.

At present, Holzmann does no work in the North American market, although before the first world war the 130-year-old concern was active in both North and South America. It would like a "North American leg" to reduce its heavy reliance on the markets of the Middle East, where it has built up a large volume of business.

Setback for Michelin

BY ROBERT MAUTHNER

PARIS, Oct. 19.

THE HOLDING company of the giant Michelin tyre group announces reduced pre-tax profits of FFr 196.1m for the first half of 1978, down from FFr 222.1m. For the first nine months of this year, dividends, portfolio revenues and other income totalled FFr 266.9m, compared with FFr 269.7m in the same period of 1977.

The first-half results mark a continuation of the unfavourable trend of 1977 when, for the financial year as a whole, net consolidated profits were down sharply to FFr 675m from FFr 754m in 1976. The unfavourable trend of exchange rates and the restrictive effect of price controls in France were blamed at the time for the deterioration in the 1977 results.

French banks plan to combine

By John Wicks

ZURICH, Oct. 19.

A MERGER of two French banks to create a Paris-based commercial bank with assets totalling FFr 5bn ($1.2bn) and capital resources of FFr 250 ($60m) was mooted today.

As a first step towards the merger, the two banks, Banque Francaise de Depots et de Titres and Societe Privee de Gestion Financiere et Fonciere, plan what is described as "closer co-operation" which, initially, will involve SPGF taking a 65 per cent shareholding in BFDT.

The plan was unveiled today by major Swiss bank Credit Suisse which, together with First Boston Corporation of the U.S., effectively controls BFDT.

When merged, the new bank will concentrate its activities on financing transactions. Operations for institutional and private clients will be centred on the French and international money and capital markets, portfolio management, property investments and the acquisition of industrial and financial participations.

Credit Suisse and First Boston will remain shareholders in the merged bank. Other shareholders includes Caisse des Depots et Consignations Credit Foncier de France, Societe Generale, Caisse Centrale des Banques Populaires, Continentale d'Entreprises, J. Henry Schroder-Wagg, Amsterdam-Rotterdam Bank and Societe Generale de Belgique.

An application to carry out the merger has been made to the French authorities.

Nobel-Bozel losses

FRENCH metallurgy, paint and chipboard group, Nobel-Bozel, reports a net loss of FFr 51.4m ($12.2m) for the first half of 1978 after provisions totalling FFr 45m. For the opening six months of 1977 losses amounted to FFr 1.3m prior to exceptional items, agencies report from Paris.

MEDIUM-TERM CREDITS

Four banks put together $80m loan for Iran

BY FRANCIS GHILES

THE $80m. LOAN for Iran's state-owned Agricultural Development Bank is being arranged and provided by only four banks: Blyth Eastman Dillon, DG Bank, Tokai and Dai Ichi Kangyo. The four will not, for the time being syndicate this loan in the open market.

This is the first major loan put together by Mr. Minos Zombanakis in his new position as head of Blyth Eastman Dillon. The Agricultural Development Bank was for a long time a customer of First Boston (Europe), which was headed by Mr. Zombanakis before he joined Blyth Eastman Dillon.

Many banks have shied away from joining the management group for three basic reasons; first, the borrower is felt to be of poorer quality than two other Iranian ones (the National Gas Company and the National Petrochemical Company) which raised money on similar terms earlier last summer. Secondly, the current loan does not carry a sovereign guaranty which the other two did. Thirdly the recent disruption in Iran is having a cumulative effect on banking sentiment.

The African Development Bank is arranging a $150m 10-year loan through a group of banks led by Credit Suisse, First Boston and Scandinavian Bank. All the countries on the African continent apart from Angola, Mauritania, South Africa and Rhodesia are members of the African Development Bank.

The borrower is paying a spread of ¾ per cent for the first five years rising to ⅞ per cent for the remainder with five and a half years grace. Participation fees are ⅛ per cent for amounts between $1m and $2m, ¼ per cent for amounts between $2m and $3m, ⅜ per cent for amounts between $4m and $5m, ½ per cent for amounts between $6m and $8m and ⅝ per cent for amounts of $9m and more. Of the total amount of this loan $80m is earmarked for the repayment of outstanding balances of previous loans, while the other $70m will finance the long-term financial requirements of the borrower.

The African Development Bank raised a $125m 10-year loan at the end of last year and a $40m floating rate note earlier this year.

Two private western companies are arranging credits: Western Union is raising $55m for seven years through a group of banks led by Singer and Friedlander. The borrower is understood to be paying a spread of ⅞ per cent over the U.S. prime rate or the London interbank rate, at his choice. Part of the proceeds will be used to prepay a $27½m loan under a facility expiring in July 1981.

Meanwhile, Hamersley Holding, the large Australian mining and metals producer, is arranging a $150m 10-year loan through a group of banks led by Bank of America. The borrower will be paying a split spread rising in two stages from ⅝ per cent to ¾ per cent and finally 1 per cent.

Reuter adds from Tokyo: A syndicate of Japanese banks, led by the Bank of Tokyo, will grant a Y15bn 15-year loan to the Iron and Steel Company of Trinidad and Tobago. The funds are for the construction of a $320m steel plant.

The borrower will pay an interest rate of 7.8 per cent over the long-term Japanese interest rate for the first seven years, rising to 7.9 per cent for the following three and 8 per cent for the final five years. The total financial package for the project also includes $120m worth of export-type credits from the U.S. ($60m), Canada ($40m) and Japan ($20m).

Mounting losses at Belgian refiner

By Our Financial Staff

THE WORLD'S largest zinc refinery, the Belgian group Vielle Montagne, expects to move deeper into the red during the current year. Losses for the first half of 1978 are described by the company as heavy.

Last year losses totalled BFr 430m ($14.8m) compared with a profit of BFr 25m at the net after tax level in 1976, and the company failed to pay a dividend for the first time since 1945. In 1976, shareholders received BFr 100 net per share.

Vieille Montagne points out that the four-year crisis in the zinc market is continuing with average zinc prices in Belgian francs falling by 30 per cent in the first half of this year over 1977 and showing declines of 40 per cent on 1976. Zinc mining charges are still rising due to inflation, while foundry income for processing the ore had fallen in line with the zinc price. The company claimed to be working well below its nominal production capacity and facing further cuts in output later this year.

On a lighter note the company is able to point to some relatively encouraging recent signs of an improvement in the zinc market. Producer stocks have fallen worldwide since the start of this year and the zinc price has recovered modestly. However, the "existing delicate balance between production and consumption still needs to be strengthened."

Cotonificio Cantoni

Textiles and real estate group Cotonificio Cantoni SpA expects 1979 turnover to total L150bn, up 25 per cent from the previous year. The company would'nt predict whether it would earn a profit during the year after a small loss in 1977, AP-DJ reports from Milan.

Buderus seeks increase in capital

By Adrian Dicks

BONN, Oct. 19.

BUDERUS, the West German foundries and mechanical engineering group controlled by the Flick concern, is to carry out a capital increase next month that will raise nominal capital by about DM15m to DM101.5m ($56.3m).

At the DM385 value set on DM100 Buderus shares, the proposed increase would appear to be worth about DM60m. Flick, which owns some 96 per cent of Buderus, would clearly be putting up the major part of this sum.

The Buderus capital increase appears to bring the Flick group a little closer to committing the balance of the DM1.85bn it received in January 1976 from the sale of 29 per cent of Daimler-Benz. The group has to invest the proceeds of this sale by the end of this year, if it wants to benefit from tax advantages.

Flick has already made several other big investments this year, of which the most recent was its $255m tender offer for an additional 19 per cent of W. R. Grace, the U.S. chemical giant. The German group already owns 12 per cent of Grace.

Astra advance likely to slow

By William Dullforce

STOCKHOLM, Oct. 19.

ASTRA, the Swedish pharmaceuticals group, reports a 40 per cent growth in earnings to SKr95m ($22.1m) and a sales increase of 20 per cent to SKr 1.3bn ($300m) for the first eight months of 1978.

Nevertheless, Mr. Ulf Widengren, the managing director, is not raising his forecast of a 14-20 per cent increase in profit to SKr 130-140m for this year. Earnings during the final four months are expected to advance more slowly, in part because of heavy marketing investments outside Sweden.

Pharmaceutical sales climbed by 21 per cent to SKr 961m during the eight months

Kaufhof stores lift sales

By Our Own Correspondent

FRANKFURT, Oct. 19.

KAUFHOF, West Germany's second largest store group, today announced that turnover—excluding its travel operations—rose by 4.3 per cent in the first three quarters of the year. It rose from DM 4.76bn to DM 4.96bn ($2.7bn), including value added tax.

Sales of the Kaufhof parent concern went up by a nominal 3.5 per cent to DM 3.92bn, although when adjusted for the increase in sales space the real growth rate declined to 3.1 per cent.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

3M earnings reach record levels in third quarter

BY OUR FINANCIAL STAFF

MINNESOTA MINING and Manufacturing Company (3M) has announced a 41 per cent rise in net profits for the third quarter, to $153.4m, from $108.8m in the same period last year.

The company, which reported an increase of 21.8 per cent in net income in 1977, to a record $412.9m, showed an accelerating rate of earnings growth in the latest quarter—with the 41 per cent rise comparing with a gain of 34.4 per cent in the first six months in the year.

At the same time, the earnings increase has run ahead of the growth in sales, which came to 18.4 per cent in the third quarter, when turnover reached $1.22bn, against $1.03bn in the same period last year.

For the first nine months, 3M reports net income of $415.7m—slightly more than the $412.9m earned in the whole of the previous year. Sales for the nine months were $3.47bn—or 16.8 per cent more than in the same period last year—compared with $3.98bn for 1977 as a whole.

Helping the profits rise in the third quarter were foreign exchange translation gains accounting for 2 cents of the $1.31 per share earnings. In the same period last year, the company faced a loss on foreign currency translation of 4 cents a share, reducing per share earnings to 94 cents.

Foreign currency translation adjustments are not available for the nine months, a period for which earnings a share were $3.57, against $2.63.

The company, which according to the 1977 balance sheet employed some 81,400 people, has over 45 major product lines, and has geared itself to the production of proprietary, high technology products, as well as placing sales emphasis on products introduced in recent years.

Among the fields in which it operates are graphic systems, abrasives, adhesives, building service and chemicals, as well as advertising and protective products, photographic, printing, industrial graphics and static control systems. Other fields are electrical goods, recording materials, tape and allied products, consumer products and health care products and services.

Kuwaiti takeover slows down Reynolds

By Our Financial Staff

NEW YORK, Oct. 19

R. J. REYNOLDS INDUSTRIES, the largest U.S. tobacco manufacturer, recorded a 9.3 per cent increase in net earnings in the third quarter on a slender 1.8 per cent rise in sales.

The company noted that its consolidated sales and revenues were continuing to feel the effects of the nationalisation of its energy interests in Kuwait in September last year. This yielded a non-recurring gain of $1.07 a share in last year's fourth quarter and company officials stressed today that Reynold's final quarter results may therefore show a decline on last year's figure.

Nevertheless, Reynolds felt secure enough to link an announcement of an increased dividend from 87½ cents to 95 cents a share with publication of its quarterly results.

Net income for the three months rose from $103.5m, equal to $2 a share fully diluted, to $113.1m or $2.18 a share. Sales were $1.65bn — $29.1m higher than in the same period last year. Net earnings for the nine months rose 9.7 per cent from $291.6m or $5.65 a share to $319.9m or $6.20 a share. Sales were 1.5 per cent higher at $4.84bn.

The company said all aspects of its business registered sales gains in the third quarter and nine months, with domestic tobacco up 6.5 per cent to $2.18bn and international tobacco sales up 14 per cent to $142.6m.

Energy sales declined by $262.6m to $525.3m, a fall which nearly offset the combined sales gains of the domestic and international tobacco businesses.

Next year, Reynolds will be looking to its acquisition for $456m of Del Monte Corporation to compensate for the loss of its Kuwait business. In fiscal 1978, ending on last May 31, Del Monte reported net income of $51.4m or $27 a share. The combination should be completed shortly.

Power Corporation sells Argus stake to Ravelston

BY ROBERT GIBBENS

MONTREAL, Oct. 19.

POWER CORPORATION of Canada, the big financial, transportation and industrial holding company, is selling its entire equity interest in Argus Corporation, of Toronto, for C$80.4m, paid C$65m in cash and C$15.4m by a note.

The buyer is Ravelston Corporation, the private holding company set up originally by Mr. E. P. Taylor, the Toronto financier. Ravelston controls the voting stock of Argus.

Control of Ravelston and of Argus this summer passed to a group headed by Mr. Conrad Black. Argus controls Massey Ferguson, the international farm machinery giant, Dominion Stores, Domtar, Hollinger Mines and communications interests.

The move brings to an end a long and bitter chapter in Canadian business history. Power Corporation, which controls such large financial companies as Great West Life and Investors Group, and also Canada Steamship Lines and Consolidated-Bathurst, originally acquired a 10 per cent voting stock interest in Argus more than 10 years ago as a result of another deal.

Mr. Paul Desmarais, chairman of Power Corporation, was well acquainted with Mr. Taylor, principal founder of the Argus industrial empire.

In a series of bitterly fought bids, Mr. Desmarais was able to raise his Argus voting stock interest to about 26 per cent, partly through buying a large block from Mr. Taylor and to acquire a majority of the non-voting common stock. Thus he could claim he had a majority of the Argus equity and should have boardroom representation.

However he could never get at Ravelston, the private holding company controlled by the Taylor group which held the key 62 per cent majority of Argus voting stock.

The Argus Board until the recent death of Mr. John A. McDougald, the chairman, resolutely refused to allow Mr. Desmarais or his representatives into the Argus boardroom and relations were strained.

However, since the takeover of Ravelston and Argus control by the Conrad Black group, matters have eased and there were negotiations during the summer concerning the Power Corporation interest in Argus. An asset swap had been widely rumoured as a way of settling the differences between the two rival holding companies.

Several time Mr. Black put out the olive branch, saying publicly that the previous controlling group had treated Mr. Desmarais shabbily. Now he has made a deal with Mr. Desmarais and has consolidated his own hold on the Argus empire.

Now that the Power Corporation group has accepted C$80m mainly in cash, speculation will grow about what it intends to do with the money. Power Corporation recently increased its holdings in its financial subsidiaries. It already has long-standing links with Bank America and recently the French Paribas group acquired about 20 per cent of the Power Corporation equity and a voting interest of nearly 10 per cent.

Power Corporation sources said today there are no definite plans for deployment of the cash resources from the Argus stock sale but reduction of debt might be one logical direction.

Problems for Brazil money market

By Diana Smith

RIO DE JANEIRO, Oct. 19.

BRAZIL'S money market, increasingly used by the Government to keep a brake on the money supply by attracting investment in long-term Government securities, bonds, deposit certificates or Bank of Brazil cheques, is going through a difficult period.

To make bonds and securities more attractive, the Government has increased the interest rates on redeemable National Treasury bonds and also on Treasury bills. This policy has borne fruit in recent months, and increased the volume of open market trading, but it has also exposed the inherent weaknesses of the many small dealers who, with greater demand for investment in bonds, have over-stretched tesmeh levsETAO stretched themselves financially.

In less than a fortnight, the Central Bank, Brazil's equivalent of the Bank of England, has ordered the liquidation of two small dealers who over-committed themselves purchasing short-term Treasury bills from banking institutions and subsequently, passed worthless cheques in payment of these acquisitions.

Subsequent nervousness on the open market caused the Central Bank, at the end of last week, to inject funds into it, in order to steady the price of money and ensure the market's liquidity, and it is estimated that further interventions may be necessary during the next fortnight until the market settles down.

The demise of small open market dealers is, in fact, viewed with no dismay by the authorities who, for several years have sought to "clean up" the open market and make it more efficient.

In just over a year, the number of dealers operating on the open market has dropped from 260 to 150 and this, the Brazilian Treasury maintains, is all to the good.

Strong Government intervention in the open market has meant that, currently, about 48 per cent of all redeemable Treasury bonds in circulation are held by Government bodies (the Central Bank, Housing Bank, Savings Bank or National Development Bank).

Polaroid shows sound progress

BY JOHN WYLES

NEW YORK, Oct. 19.

POLAROID CORPORATION was looking as glamorous as ever this morning after reporting a 34 per cent increase in third quarter sales and a 72 per cent surge in net earnings.

With the help of an earlier than expected start to its autumn selling season the manufacturer of instant cameras and films has turned in a performance which outsparkles its great domestic rival, Eastman Kodak. World-wide sales turned in at $341.69m compared with $254.22m and net earnings finished at $34.38m or $1.04 a share compared with $20.04m or 61 cents a share.

Although Mr. William J. McCune, Jr., Polaroid's president, did not disclose any figures, it seems likely that the company's profits might have been even higher but for "substantial expenses associated with Polavision, Polaroid's new system of instant movies."

Foreign currency gains made a 5 cents per share contribution in the third quarter but was negligible in the same period last year.

Polaroid's sales during the nine months rose 30 per cent to $902.05m compared with $695.33m while net earnings increased 38 per cent from $54.54m ($1.66 per share) to $75.03m ($2.28 per share). With its heaviest selling period still to come Polaroid looks likely to exceed analysts' forecasts of a $3.50 per share net income for the year.

Nevertheless, this blue chip stock was unable to escape the stock market's general depression today and by midday the stock had fallen ¾ to $49¼. In 1973, expectations of explosive growth took the share to $149½. The company's success this year is firmly based on the attractions of its SX-70 line of instant cameras and film whose sales should comfortably pass last year's record of 7.2m units while film sales, which ride on the back of the cameras' success, were twice as high as in last year's third quarter.

A final contribution to the earnings increase this year has been from more favourable tax rates, which were lower than last year because of investment credits and the effects of foreign currency fluctuations.

Toyobo to sell Bruck Mills

BY RICHARD C. HANSON

TOKYO, Oct. 19.

TOYOBO, one of Japan's leading textile concerns, has decided to sell its wholly-owned and financially troubled Canadian subsidiary, Bruck Mills, to Consolidated Textile Mills, the second largest textile producer in Canada which is 64.7 per cent owned by Carrington Viyella of the UK. The Osaka-based company will in turn acquire a 25 per cent capital share in Consolidated Textile, subject to Canadian Government approval.

The decision was taken very soon after Toyobo acquired 100 per cent of Bruck Mills' shares in September this year. Bruck had been owned 21.5 per cent by Toyobo, 19.5 per cent by Marubeni Corporation, a leading trading house, and the rest by local investors following a 1973 acquisition.

Consolidated textile is partially held by a subsidiary of Carrington Viyella of UK. Toyobo made the move soon after a recent meeting in London of the International Federation of Cotton and Textile Allied Industries

The values of the sale of Bruck and the acquisition of Consolidated shares was not disclosed. Government approval is expected either late this year or early in 1979.

Bruck Mills registered an accumulated loss of C$9m as at the end of last October, due to the long U.S. textile slump, against capitalisation of C$13m at present. Last year, the company, which makes polyester knits and woven goods, had sales of C$22.7m. Sales of Consolidated, which makes nylon products, totalled C$52.3m.

Olinkraft bid increased

BY DAVID LASCELLES

NEW YORK, Oct. 19

THE TAKEOVER battle for Olinkraft, the forestry products company, took a further turn yesterday when Johns-Manville, the Denver manufacturing and mining company, raised its offer by $8 per share to $65.

The new offer tops the $5 the rival offer from Texas Eastern, the oil company

There was no immediate response from Texas International to Johns-Manville's new bid. Olinkraft said it was studying the revised offer and would advise stockholders no later than October 27 as to its recommendation.

Johns-Manville's bid, which values Olinkraft at about $580m, is for 49 per cent of the shares, the remainder to be acquired under an exchange of Johns-Manville shares. The offer is not conditional on a minimum number of shares being tendered, and it expires on November 8.

Sharp setback for Union Carbide

By Our Financial Staff

THE SECOND largest producer of chemicals in the U.S., Union Carbide, has announced a sharp fall in earnings in the third quarter, which is marked against the trend of the rest of the industry.

Earnings per share have dropped from $1.44 to $1.25. Total net earnings show a drop of 16 per cent to $80.7m, although sales, at $1.98bn were 13 per cent higher.

The latest announcement brings earnings for the nine months to $266.4m—a fall of 4 per cent—or $4.12 against $4.28 a share on sales of $5.78bn against $5.22bn.

At the second quarter stage, Union Carbide was following the rest of the industry on a recovery tack, and achieved a gain of 4 per cent in net earnings.

Third quarter earnings from the other industry leaders, disclosed earlier this week, showed further gains, with pride of place taken by the industry leader, Du Pont which pushed earnings ahead by 45 per cent.

At the end of last year, analysts were told by Union Carbide's chairman and chief executive that plans for the future assumed "that 1978 will be a very tough year". The outlook for Europe, in particular, gave cause for concern. But the Board stressed optimism

Richardson Merrell

By Our Financial Staff

THE RECALL of all stocks of Sinex regular and long-acting nasal sprays from retailers and distributors caused a serious setback to the profits of the medicines group Richardson-Merrell. Net income for the first quarter ended September 30 fell from $20.76m to just $12.62m.

Sales for the first quarter came out at $287.09m, compared with last time's $236.72m. Net earnings per share, after recall costs, were 53 cents compared with 88 cents a year ago.

G & W earnings improve

NEW YORK, Oct. 19

NET EARNINGS for Gulf and Western Industries for the 1978 fiscal year were $180.51m (or per-share earnings of $3.53) compared with $150.32m (or $2.90 per share) for 1977.

Sales stood at $4.3bn at year's-end, up from $3.6bn from the previous year.

Net earnings for the fourth quarter were the highest of any quarter in the company's history, and earnings for the 1978 fiscal year were the second highest ever.

Results for the quarter and year were higher than previously anticipated principally because of the success of the Paramount Pictures subsidiary, the financial services group, and strong fourth quarter performances of the manufacturing and paper and building products groups.

Strong upturn at Amfac

NEW YORK, Oct. 19

AMFAC, the retail stores and food group, is having a good year. Mr. Henry A. Walker Jr., chairman and chief executive, said it is difficult to see earnings of less than $3 a share for 1978. In 1977 Amfac earned $16m, or 1.22 a share, which included a gain of $7.5m from the sale of an hotel and a loss from discontinued operations of $17.6m

Mr. Walker added that if Amfac's recent earnings trend continues as expected, a dividend increase would be recommended early next year. The company currently pays 25 cents a share quarterly on its common. The chairman noted that it is Amfac's policy to review its dividend rate after adoption of its profit plan each year.

AP-DJ

EUROBONDS

French franc issue likely

BY OUR EUROMARKETS STAFF

THE second Eurobond denominated in French francs since this market reopened last month seemed last night to be imminent.

Dealers in Paris noticed yesterday that Credit Commerciale de France had lowered the prices it was quoting on the recent French franc issue for the European Investment Bank from 98¼-¾ to 97¾-8¼. This suggested to market participants that the French bank was lightening its inventory of the EIB paper in anticipation of a fresh issue.

Dealers were convinced that the terms for the new issue would be more favourable to the investor than those on the EIB bond. In particular, they speculated that the maturity would be seven years and that the coupon rate would be 10 per cent compared with a 10 year maturity and a 9¾ per cent coupon on the EIB issue.

Prices in the dollar sector of the international bond market continued their decline yesterday after it became clear that the U.S. Federal Reserve had increased its target rate for Federal Funds from 8¾ per cent to 8⅞ or more. Most bonds were off by between one eighth and one quarter of a point in active trading.

In the Deutsche Mark sector, dealers reported a very mixed market, with good names holding up well but lesser-known bonds and new issues rather weak. The exception here was the new paper on offer from Bank of America, for which demand remained robust. It seemed that the market was not greatly disturbed by the reserve measures announced by the Bundesbank and designed to take some DM 4bn out of the German banking system.

The size of the Swiss franc bond for American Express International being arranged through Swiss Bank Corporation is SwFr 40m and not SwFr 10m as reported yesterday.

U.S. QUARTERLIES

AMERICAN CAN

Third Quarter	1978 $	1977 $
Revenue	1.06bn	942.8m
Net profits	41.4m	37.7m
Net per share	2.11	1.92
Nine Months		
Revenue	2.92bn	2.55bn
Net profits	91.0m	82.7m
Net per share	4.61	4.18

INGERSOLL-RAND

Third Quarter	1978 $	1977 $
Revenue	586.9m	511.4m
Net profits	30.1m	27m
Net per share	1.46	1.30
Nine Months		
Revenue	1.69bn	1.54bn
Net profits	95.8m	84.6m
Net per share	4.62	4.07

BAUSCH AND LOMB

Third Quarter	1978 $	1977 $
Revenue	113.85m	100.14m
Net profits	8.36m	7.21m
Net per share	1.42	1.24
Nine Months		
Revenue	318.84m	278.96m
Net profits	21.39m	18.15m
Net per share	3.64	3.11

INLAND STEEL

Third Quarter	1978 $	1977 $
Revenue	812.8m	680.7m
Net profits	39.8m	19.2m
Net per share	1.88	0.93
Nine Months		
Revenue	2.41bn	2.01bn
Net profits	109.2m	70.5m
Net per share	5.19	3.42

BRANIFF INTERNATIONAL

Third Quarter	1978 $	1977 $
Revenue	257m	200.3m
Net profits	15m	8.3m
Net per share	0.75	0.42
Nine Months		
Revenue	711.2m	574.3m
Net profits	35.1m	24.7m
Net per share	1.75	1.24

PACIFIC GAS AND ELECTRIC

Third Quarter	1978 $	1977 $
Revenue	849.5m	862.9m
Net profits	93.6m	79.2m
Net per share	0.94	0.88
Nine Months		
Revenue	3.29bn	3.44bn
Net profits	287.6m	287.6m
Net per share	2.96	3.23

CHESEBROUGH PONDS

Third Quarter	1978 $	1977 $
Revenue	287.7m	232.6m
Net profits	25.9m	21.9m
Net per share	0.80	0.68
Nine Months		
Revenue	711.1m	606.8m
Net profits	56.5m	49.6m
Net per share	1.75	1.54

PFIZER

Third Quarter	1978 $	1977 $
Revenue	589.7m	505.4m
Net profits	54.9m	47m
Net per share	0.78	0.67
Nine Months		
Revenue	1.7bn	1.5bn
Net profits	150.9m	126.3m
Net per share	2.15	1.80

CONTINENTAL GROUP

Third Quarter	1978 $	1977 $
Revenue	1.05bn	972.3m
Net profits	38.6m	50.1m
Net per share	1.08	1.48
Nine Months		
Revenue	2.99bn	2.79bn
Net profits	115.7m	116.4m
Net per share	3.34	3.72

PULLMAN

Third Quarter	1978 $	1977 $
Revenue	706.1m	501.4m
Net profits	21.2m	11.8m
Net per share	1.95	1.08
Nine Months		
Revenue	1.83bn	1.50bn
Net profits	45.2m	26.3m
Net per share	4.13	2.41

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR STRAIGHTS — Issued Bid Offer Change on day week Yield

DEUTSCHE MARK STRAIGHTS — Issued Bid Offer Change on day week Yield

SWISS FRANC STRAIGHTS — Issued Bid Offer Change on day week Yield

YEN STRAIGHTS — Issued Bid Offer Change on day week Yield

OTHER STRAIGHTS — Issued Bid Offer Change on day week Yield

FLOATING RATE NOTES — Spread Bid Offer C.date C.cpn C.yld

CONVERTIBLE BONDS — Cnv. date Cnv. price Bid Offer Chg. day Prem

Kimet goes public and forecasts earnings rise

BY RICHARD ROLFE JOHANNESBURG, Oct. 19.

THE FIRST public offer of a non-mining company in Johannesburg since the flotation of Darling and Hodgson, the construction arm of Union Corporation, in 1973 comes today with the prospectus of Kimet, a pyramid company controlled by Mr. Natie Kirsh, a local entrepreneur.

Kimet owns 50 per cent of Metro Cash and Carry, the fast-growing food distributor, as its main asset, and also holds 50 per cent of King Food, a sorghum malt manufacturer, Dee Bee, a supermarket operator and various property interests.

Metro Cash and Carry announced record profits this week with the pre-tax figure up from R2.5m to R3.8m ($4.4m) for the six months to August 31 and a rise in the interim dividend from 20c to 30c.

The directors followed up today with a statement linked to the Kimet issue, saying that although they did not normally make forecasts, in view of the impending Kimet listing they expected earnings for the year to end-February to reach 182c up from 126c the previous year.

Kimet, classed as an investment holding company, has issued ordinary share capital of 15m shares of no par value and is offering 2.5m shares at 110s each. The initial forecast is for a dividend of 5.5c, so the indicated yield is 5 per cent, but this could prove conservative in view of Metro's latest forecast and commentators believe that if Metro pays about 85c for the current year, Kimet's dividend could prove to be nearer 9c.

Kimet has gearing which Metro lacks in the form of 9m participating preference shares, all of which are held by Premier Milling, the locally-quoted subsidiary of Associated British Foods and, with Tiger Oats, one of the giants of the local food industry.

Although trading has turned slack on the Johannesburg stock Exchange, the listing of Kimet is likely to generate excitement, and with only 2.5m shares on offer, there will probably be heavy over-subscription and a substantial premium in initial dealings.

No date has yet been published for the listing, but subscription lists open on October 23 and close on November 10. Ofter the listing, Kirsh Industries, which controls Kimet, will retain 83 per cent of the Kimet ordinary shares.

FTC probe into cash service in Japan

By Our Own Correspondent

TOKYO, Oct. 19.

THE JAPANESE Fair Trade Commission has opened an investigation into alleged restraints imposed by the City banks on a proposed extension of the operating hours of cash dispensing machines by Sumitomo Bank.

The FTC's investigation is designed to find out whether alleged agreement among six Japanese banks (including Sumitomo) on operating hours violates the Anti-Monopoly Law's Article 3 on free transactions. Sumitomo Bank cut its planned three-hour operating extension to one hour and 15 minutes on weekdays and dropped the plan entirely in respect of Saturdays under pressure from five other banks.

Asserting that fair trade must be based on banks' free competition in services, the FTC alleged that such free competition was subjected to restriction by mutual consent

According to the FTC officials, at the beginning of September Sumitomo Bank sounded out the Ministry of Finance over its plan to extend the cash dispenser operating hours, which was strongly opposed by five other city banks on the grounds that they have not yet prepared to extend their operating hours, and that their business would be hit by Sumitomo's "jumping the gun." After several meetings held by the six banks—involving Sumitomo, Dai-Ichi Kangyo, Mitsubishi, Sanwa and Mitsui, Sumitomo Bank on October 7 informed the Ministry of Finance that the extension of operating hours of the dispensers had been cut.

JAPANESE SUPERSTORES

Summer goods sales boost profits

BY YOKO SHIBATA TOKYO, Oct. 19

REFLECTING a steady recovery of private consumption, Japan's seven major superstores achieved a strong profit performance in the first six months of the 1978 fiscal year. All seven were helped by strong sales of summer goods, such as air-conditioners and refrigerators.

The vigorous expansion of sales space, tighter inventory controls and a reduction in interest payments helped by switching to short term loans from long term bank borrowing contributed greatly to higher profits.

Ito-Yokado—the third largest in terms of sales opened five stores during the six months. Its net profits were up 31 per cent to Y3.5bn ($19.2m). For the second half of the current fiscal year, the company plans to open another five new stores. As a result of the expansion of counter space, the superstore expects sales of Y480bn this year, for a gain of 23 per cent—while net profits are estimated at Y7.7bn, up 20 per cent.

On a consolidated basis, Ito-Yokado reported that its net profits were up 2.1 times over the year ago period, to Y6.3bn, as a result largely of profits accruing from exchange rate gains on dollar denominated bonds issued this year and last with a combined total of $120m.

A change of accounting methods meant that Daiei's current profits increased only 18 per cent over a year ago, but the underlying margin was as large as 38 per cent, according to the company. The company's slow revenue growth from foodstuffs, which accounted for a large proportion of its turnover (40 per cent), was covered by stricter inventory control measures, and stress on sales of more private brand merchandise. In order to reduce the interest payments burden, Daiei reduced long- and short-term borrowings by Y12bn, from the previous six months, switching from bank borrowing to issues of debentures and convertible bonds. For the current fiscal year, to February, Daiei expects sales of Y98bn (up 7 per cent) and current profits of Y13.5bn (up 17 per cent). The company intends to make a 10 per cent scrip issue at the end of current fiscal year.

Seiyu Stores (the second largest) increased its current profits by 60.6 per cent, and net profits by 63.7 per cent. Sizeable profit gains were attributed to a change in accounting methods. However, the company's efforts to increase the proportion of private brand merchandise, and to shift sales more towards clothing, with a wider gross margin than as foodstuffs also strengthened profits. For the current fiscal year Seiyu expects net profits of Y3.6bn (up 29 per cent), and current profits of Y7bn (up 28 per cent) on sales of Y500bn (up 13 per cent).

The merger with the Isejin superstore boosted sales at Jusco. With the decline in general interest rate levels, Jusco reduced its interest payment burden by Y470m—as it switched long-term bank borrowing to short-term loans. For the latter half of the fiscal year, the company expects modest revenue growth.

JAPANESE SUPERSTORES HALF-YEAR

	Sales		Net profits	
	Six months to August 31 Ybn	% gain over first half 1977-78	Six months to August 31 Ybn	% gain over first half 1977-78
Daiei	456.8	6.0	2.9	20.8
Seiyu	234.3	8.1	3.5	63.7
Ito-Yokado	233.5	26.9	3.5	31.0
Jusco	209.8	24.0	2.7	22.7
Nichii	167.2	9.0	2.7	1.5
Nagasayika	108.3	9.3	1.4	55.0
Izumiya	89.7	10.7	1.0	15.8

Bond offer of Y200bn

TOKYO, Oct. 19.

THE JAPANESE Finance Ministry said it and the Bank of Japan have informed qualified financial institutions and securities companies that the bank will accept beds for Y200bn ($1.1bn) of three-year national bonds from today until October 24.

Results of the tender will be announced on October 26, with payment required on November 6.

This is the third instalment of Y1 trillion (million-million) worth of three-year bonds the ministry plans to float in fiscal 1978, the ministry said. Reuter

Matsushita to make scrip issue

Matsushita Electric Industrial Company is to make a one-for-10 scrip issue on November 20, according to an agency report.

This will increase the company's capital to Y59bn ($324m) from the present Y53.67bn,

It will also pay a special dividend of Y2.5 per share for the year ending November 20 in commemoration of its 60th anniversary in addition to an ordinary 20 per cent dividend of Y10, of which Y5 was already paid last May as interim dividend, it said.

TYSE tightens up

THE TOKYO stock exchange said it will tighten margin trading controls over all stocks, effective today, following a sharp rise in the outstanding balance of buying in margin trading. Reuter reports.

Rand Carbide control moves to Highveld

BY OUR OWN CORRESPONDENT JOHANNESBURG, Oct. 19.

HIGHVELD Steel and Vanadium, in which Anglo-American and its associates are the chief shareholders, is to acquire control of Rand Carbide, which is 68 per cent owned by the chemicals group AECI, for R18.7m ($21.5m) in a move which seems aimed to increase Highveld's spread of activities.

Rand Carbide is a manufacturer of ferro-silicon, foundry products and calcium carbide which should complement the activities of Highveld's subsidiary Transalloys, which manufactures ferro-alloys at a site near Highveld's steelworks in the Eastern Transvaal town of Witbank, where Rand Carbide's main plant is also located.

The terms are 487c cash per Rand Carbide ordinary share, of which 3.8m are in issue, and 125c per preference share, with 0.15m in issue. Rand Carbide was recently suspended at 325c and paid 20c in dividends in its last financial year to end-December. The terms therefore offer an exit yield of 4.1 per cent and represent a slight premium to disclosed net asset value. The deal is expected to result in a small dilution in Highveld's net asset value, but should add to its earnings.

Margins slide at EWC

BY L. DANIEL TEL AVIV, Oct. 19.

ELECTRIC WIRE and Cable Company, one of the first large industrial operations to be established in Israel, reports that its sales increased by 50 per cent in 1977/78 to over I£200m ($11.4m). Profits, however, were down by 20 per cent to I£4.2m. Exports increased four fold to $1m. The company has not paid any cash dividend since 1974-75 but has maintained its annual bonus allocation of 15 per cent.

The company was founded in 1934 by a group of immigrant engineers. In the 1960's control passed to the investment companies of Bank Leumi and the Israeli Discount Bank from British holders. In 1963, EWC went public. It specialises in the production of a wide range of electric wires and cables for the local market. Since these supplies go largely to public bodies, this reduces profit margins, with high financing expenses and the start-up of a new plant in the development town of Ma'alot, in Upper Galilee, also cutting into profits. Nevertheless, the company is regarded as a solid investment in view of its excellent production record.

Advance at Mitsukoshi

TOKYO, Oct. 19.

MITSUKOSHI, Japan's largest department store, announced today that it posted a Y5.18bn ($28.5m) net profit in the half-year to August 31, up 13.2 per cent from a Y4.57bn net income in the same period a year earlier.

Sales during the half-year rose by 3.8 per cent to Y225.49bn ($1.2bn) from Y217.32bn.

Mitsukoshi forecast that its net profits for the full-year, ending February 28, would be Y11.3bn, or 9.7 per cent more than the Y10.38bn of 1977-78.

The interim dividend is unchanged, at Y5. Agencies

G. J. Coles looks to A$2bn sales this year

By Our Own Correspondent

SYDNEY, Oct. 19.

G. J. COLES, variety store and supermarket retailer, expects group sales to exceed comfortably A$2bn (US$ 2.3bn) in the current financial year, Mr. Tom North, the managing director, told shareholders at the annual meeting in Melbourne today. This would easily consolidate the group as the largest retailer in the country in terms of turnover. Mr. North said A$2bn in sales would give Coles about 8 per cent of the total Australian retail market.

Sir Norman Coles, the chairman, said that about A$50m would be spent this year on expansion. The group's liquidity position was sound and it was not contemplated further funds would be required.

Shareholders approved proposals to allow the A$51.7m acquisition of the 51 per cent of K Mart Australia it did not already own. In the year up to June 24 earnings were A$38m after tax on sales of A$1.55bn. K Mart's earnings were A$8.3m on sales of A$314m.

Two more join Australian debenture issue queue

BY JAMES FORTH SYDNEY, Oct. 19.

TWO MORE major industrial companies, Australian Consolidated Industries and James Hardie Asbestos—are making large debenture issues. ACI is seeking A$40m (U.S.$46.5m) in a "family" issue to shareholders and debenture holders and James Hardie is applying for A$30m (U.S.$34.8m) in a private placement. The issues will add pressure to the corporate fixed interest.

There are now five major industrial companies seeking a total of A$200m, at a time when liquidity is not high. The largest raising is by Broken Hill Proprietary, Australia's major company, which is offering a long-term rate of 9.9 per cent for 15 years.

The rates by ACI and James Hardie are slightly higher but are considered to be in line, given BHP's standing.

ACI is offering 9.8 per cent for seven years, 10.1 per cent for 12 years and 10.2 per cent for 15 years. The issue is jointly underwritten by J. B. Were and Son and Potter Partners, the sharebroking firms. The funds would be used to redeem maturing debentures, repay existing short and medium term borrowings and for working capital requirements.

The James Hardie issue is to help finance the A$6m takeover of Reed Consolidated Industries, announced last week. The company has already announced a A$24m cash issue to help in the financing.

Hardie is offering 9.8 per cent for three years 10 per cent for seven years, 10.2 per cent for 10 years and 10.3 per cent for 12 years.

Brewery merger bid

BY OUR OWN CORRESPONDENT SYDNEY, Oct. 19.

AUSTRALIA'S largest brewer, Carlton and United Breweries (CUB), has made a takeover bid for Samuel Allen and Sons, the Queensland hotel group and general merchant.

The offer is one CUB share plus 70 cents cash for each Allen share. The offer is worth A$2.44 a share, based on today's market price of A$1.74 for CUB, and values Allen at about A$8.88m (U.S.$10.3m).

However, CUB has been steadily picking up shares in Allen since 1972

Gollin creditors may receive extra payment

By Our Own Correspondent

SYDNEY, Oct. 19.

CREDITORS of the Gollin Group, which went into provisional liquidation early in 1977, are likely to receive more than was earlier expected. They may also be paid earlier than was originally expected.

The remaining parts of Gollin have been operating profitably under a scheme of arrangement. The scheme administrator today outlined details of the latest proposal at a meeting of creditors.

Under the scheme attempts will be made to sell the remaining group as a whole. The group assets now stand at A$21.8m (US$25.3m).

Under the scheme of arrangement creditors of Gollin were to receive 52 cents to the dollar while creditors of Gollin Holdings would get 30 cents. Mr. J. Rodger, the administrator, would not put an estimate on how much more would be realised if the sale proposal were successful.

Creditors received a 4 cents repayment in September last year with an additional distribution of 2 cents last month.

Mr. Rodger said there had been many offers to split the group into fragments and sell off certain parts.

Currency, Money and Gold Markets

$ falls after early rise

The dollar showed a slightly firmer trend in early trading in the foreign exchange market yesterday, and rose quite sharply, particularly against the Swiss franc, following comments by the president of the Swiss National Bank around lunch time. He said that the central bank will resist any attempt by foreign exchange market to test the durability of its intervention policy.

Immediately after this news the dollar rose to a high point of SwFr 1.5650 against the Swiss franc, compared with an early morning rate of SwFr 1.5075. Other currencies reflected this trend to a lesser extent, but later on the market began to move against the dollar once again. Fairly heavy selling of dollars developed in the afternoon, and the U.S. currency continued to gain support from intervention by the Bundesbank and Swiss National Bank.

The dollar fell back to SwFr 1.5300 at the close, but was still firmer than the closing rate of SwFr 1.5085 on Wednesday. In terms of the D-mark, the dollar improved to DM 1.8455 during the day, but fell to DM 1.8350 at the close, little changed from the previous closing level of DM 1.8355.

Weaker European currencies finished slightly easier against the dollar however, with the Italian lira ending the day at L815.20, compared with L813.75 previously, while the U.S. currency also improved against the French franc, to FFr 4.2275 from FFr 4.2125.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 10.8 per cent from 11 per cent. Sterling's trade-weighted index, on Bank of England figures, rose to 62.1 from 62.0.

The pound opened at $1.9935-$1.9945 and touched a high point of $1.9955-1.9965 in the morning. The statement from Switzerland pushed sterling down to a low point of $1.9850-1.9860, but it improved in line with other currencies in the afternoon, to close at $1.9940-1.9950, a fall of 15 points on the day.

Forward sterling was slightly firmer, with the three-month discount against the dollar narrowing to 1.50 cent from 1.70 cent.

FRANKFURT — The West German Bundesbank intervened to buy $3.1m, as the dollar rose to DM 1.8463 against the D-mark at yesterday's fixing, compared with a record low of DM 1.8300 on Wednesday. Yesterday's intervention was on a small scale, compared with the Bundesbank's dollar buying of $27.15m on Tuesday, and $23m on Wednesday. The Swiss franc fell quite sharply, and was fixed at DM 1.1970, compared with DM 1.2180 previously, while sterling gained ground. The pound was fixed at DM 3.6720, compared with DM 3.6600 on Wednesday.

AMSTERDAM—The dollar improved to Fl 2.01450 at the fixing, from the previous day's record low of Fl 2.0005.

MILAN — The dollar rallied against the lira, and was fixed at L815.55 yesterday, compared with L812.20 on Wednesday, the lowest fixing level for 33 months. The D-mark lost ground in terms of the lira, falling to L442 in early trading, from a previous record high of L443.75.

PARIS—The dollar improved to FFr 4.2430 against the French franc at the fixing, from FFr 4.2120 previously. The D-mark fell to FFr 2.2985 from FFr 2.3006.

BRUSSELS—At the fixing the dollar rose to BFr 29.1300 from a previous record low of BFr 28.99. The French franc eased to BFr 6.8660 from BFr 6.8840 against the Belgian franc.

TOKYO—Active dollar buying for import contracts by trading houses and commercial banks, helped the U.S. currency to stabilise in calm trading. It finished at Y183.00 against the yen, compared with Y182.15 on Wednesday. There was no sign of intervention by the central bank. Overall volume was moderate in spot trading at $416m, but swap and forward trading was active, totalling $972m.

THE POUND SPOT / FORWARD AGAINST £

Oct. 19	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	8½	1.9850-1.9965	1.9940-1.9950	0.42-0.32c pm	2.25	1.56-1.46c pm	3.01
Canadian $	10¼	2.3475-2.3650	2.3635-2.3645	0.60-0.50c pm	2.79	2.05-1.95c pm	3.38
Guilder	6½	3.99½-4.02½	4.00-4.01	¾c pm-¼c dis	0.75	3¼-2¼c pm	2.75
Belgium F	6	57.70-58.05	57.75-57.85	5-15 c dis	−2.08	26-16 c pm	−1.38
Danish K	8	10.20-10.25	10.21-10.22	6¾-8¾ ore dis	−9.10	12½-14½ ore dis	−5.29
D-Mark	3	3.65-3.69	3.65¾-3.66¾	3⅛-2⅛ pf pm	8.83	8⅛-8⅛ pf pm	9.42
Port. Esc.	18	88.80-89.80	89.30-89.70	70-170 c dis	−16.05	200-400 c dis	−13.41
Span. Pes.	8	138.60-139.20	139.05-139.15	25-125 c dis	−6.47	120-220 c dis	−4.88
Lira	10½	1,620½-1,626½	1,625-1,626	2-4 lire dis	−2.21	6-8 lire dis	−1.72
Nrwgn. K.	7	9.85¼-9.87½	9.84½-9.85½	2½-4½ ore dis	−4.28	7-9 ore dis	−3.25
French Fr.	9½	8.41-8.44	8.42½-8.43½	3½-2½ c pm	4.27	8-7 c pm	3.55
Swedish Kr	6½	8.55-8.59	8.56½-8.57½	1¼ ore pm-1¼	−0.35	6¼-4¼ ore pm	2.46
Yen	3½	362-370	365-367	2.70-2.35 y pm	8.28	8.75-8.35 y pm	9.35
Austria Sch	4½	26.75-26.95	26.80-26.90	17-7 gro pm	5.36	42-32 gro pm	5.51
Swiss Fr.	1	5.00-5.10	5.04½-5.05½	3½-2½ c pm	11.80	10¼-9¼ c pm	12.79

Belgian rate is for convertible francs. Financial franc 61.15-61.25.

Six-month forward dollar 3.15-3.05c pm, 12-month 5.72-5.62c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

October 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	84.50-84.58	84.55-84.58	0.01-0.03c pm	0.27	0.03-0.06c pm	0.22
Guilder	2.0065-2.0108	2.0065-2.0085	0.10-0.20c dis	−1.54	0.05-0.15c dis	−0.73
Belgian Fr	29.03-29.09	29.06-29.09	9-13c dis	−6.67	10-15c dis	−2.55
Danish Kr	5.1150-5.1325	5.1300-5.1325	4.65-5.15ore dis	−11.54	10.9-11.4ore dis	−8.80
D-Mark	1.8365-1.8425	1.8365-1.8375	1.10-1.05pf pm	6.82	3.01-2.96pf pm	6.39
Port. Esc	44.75-44.95	44.80-44.95	35-180c dis	−28.76	130-500c dis	−28.09
Lira	813.80-815.80	814.75-815.50	3.00-4.00lire dis	−4.14	9.25-10.75lire dis	−4.93
Nrwgn. Kr	4.9360-4.9485	4.9410-4.9430	2.40-2.80ore dis	−4.44	7.30-7.90ore dis	−5.55
French Fr	4.2210-4.2355	4.2280-4.2310	0.70-0.50c pm	1.87	0.55-0.35c pm	0.51
Swedish Kr	4.2935-4.3030	4.3000-4.3015	0.85ore dis-0.15pm	−0.52	par-0.20ore dis	−0.32
Yen	182.75-183.75	183.40-183.60	0.95-0.80y pm	5.72	2.90-2.75y pm	6.28
Austria Sch	13.44½-13.53	13.44½-13.45½	4.75-3.75gro pm	2.29	9.25-7.25gro pm	2.32
Swiss Fr	1.5180-1.5410	1.5300-1.5330	1.36-1.31c pm	9.72	3.86-3.81c pm	9.62

* U.S. cents per Canadian $.

CURRENCY RATES

October 19	Special Drawing Rights	European Unit of Account
Sterling	0.655517	0.683543
U.S. dollar	1.30710	1.35846
Canadian dollar	1.54891	1.60894
Austrian schilling	17.6607	18.3628
Belgian franc	38.0758	39.5718
Danish krone	6.70869	6.99984
Deutsche Mark	2.41330	2.51015
Guilder	2.63315	2.73986
French franc	5.54683	5.76415
Lira	1065.94	1108.64
Yen	238.873	250.177
Norwegian krone	6.46165	6.74137
Peseta	91.3911	94.9876
Swedish krona	5.62249	5.85815
Swiss franc	2.01293	2.09930

CURRENCY MOVEMENTS

October 19	Bank of England Index	Morgan Guaranty changes %
Sterling	62.09	−41.9
U.S. dollar	82.77	−10.8
Canadian dollar	78.72	−18.3
Austrian schilling	145.81	+18.1
Belgian franc	114.37	+15.4
Danish krone	117.63	+ 6.1
Deutsche Mark	149.30	+41.4
Swiss franc	208.87	+96.4
Guilder	122.86	+19.1
French franc	98.84	− 6.4
Lira	54.99	−48.4
Yen	156.75	+54.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 19	£	$		£ Note Rates
Argentina Peso	1,778-1,772	886.44-888.44	Austria	26.5-27.5
Australia Dollar	1.6978-1.7048	0.8538-0.8548	Belgium	60.75-61.75
Finland Markka	7.79-7.82	3.9300-3.9320	Denmark	10.15-10.25
Brazil Cruzeiro	37.70-38.70	18.93-19.40	France	8.40-8.50
Greek Drachma	70.765-72.499	35.48-36.36	Germany	3.62-3.72
Hong Kong Dollar	9.39½-9.41½	4.7300-4.7330	Italy	1610-1670
Iran Rial	137-143	68.69-71.7	Japan	364-374
Kuwait Dinar (KD)	0.531-0.541	0.2662-0.2712	Netherlands	3.97-4.07
Luxembourg Franc	57.75-57.85	28.96-28.99	Norway	9.80-9.90
Malaysia Dollar	4.33-4.34½	2.1680-2.1700	Portugal	[illegible]
New Zealand Dollar	1.8520-1.8590	0.9302-0.9328	Spain	142-147
Saudi Arabia Riyal	6.52-6.62	3.2690-3.3191	Switzerland	2.98-3.08
Singapore Dollar	4.29-4.30½	2.1562-2.1572	United States	1.9875-1.9975
South African Rand	1.7196-1.7457	0.8622-0.8763	Yugoslavia	41-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 19	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.995	3.663	366.0	8.430	3.050	4.005	1626.	2.364	57.60
U.S. Dollar	0.501	1.	1.836	183.5	4.227	1.529	2.008	815.0	1.185	28.88
Deutsche Mark	0.273	0.545	1.	99.93	2.302	0.833	1.094	443.8	0.645	15.78
Japanese Yen 1,000	2.732	5.449	10.01	1000.	23.03	8.333	10.94	4441.	6.459	157.8
French Franc 10	1.186	2.366	4.345	434.2	10.	3.618	4.751	1928.	2.804	68.66
Swiss Franc	0.328	0.654	1.201	120.0	2.764	1.	1.313	533.0	0.775	18.95
Dutch Guilder	0.250	0.498	0.914	91.38	2.105	0.762	1.	405.9	0.590	14.43
Italian Lira 1,000	0.615	1.227	2.253	225.2	5.186	1.876	2.464	1000.	1.454	35.56
Canadian Dollar	0.423	0.844	1.549	154.8	3.566	1.290	1.694	687.6	1.	24.45
Belgian Franc 100	1.730	3.451	6.337	633.2	14.58	5.277	6.929	2812	4.090	100.

EURO-CURRENCY INTEREST RATES*

Oct. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	8½-8¾	8⅞-9⅛	8¼-9¼	10-11	par-⅛	3-3½	6⅞-7⅛	8-11		3⅛-5⅛
7 day's notice	10⅝-10⅞	9-9¼	8¼-9¼	10-11	[illegible]	3-3⅛	7¼-7⅝	12-15	9⅜-9⅝	[illegible]
Month	12⅛-12⅜	9⅞-10⅛	9¼-9⅝	10½-11	[illegible]	[illegible]	8⅛-8⅝	13½-15½	9⅞-10	[illegible]
Three months	12⅝-12¾	10⅛-10⅜	9⅝-10⅛	10¼-10¾	1¼-1¾	[illegible]	9⅝-9⅞	14-15¼	9⅛-9¼	3⅝-4
Six months	13¾-14⅛	10⅜-10⅝	9⅞-10⅜	9-9½	[illegible]	3⅜-3¾	10⅛-10⅜	14½-15½	10⅝-10⅞	[illegible]
One year	13½-14	10⅝-10⅞	9⅞-10⅜	8½-9	[illegible]	3¾-3⅞	10½-10¾	15½-16½	10⅝-10⅞	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.35-9.45 per cent; three months 9.90-10.00 per cent; six months 10.20-10.30 per cent; one year 10.20-10.30 per cent.

Long-term Eurodollar deposits: Two years 9¾-10 per cent; three years 9 11/16-9 15/16 per cent; four years 9⅝-9⅞ per cent; five years 9⅝-9⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Uncertainty in New York

Following Tuesday's decision by the authorities to implement a further tightening of U.S. credit, the market appeared to be in some doubt as to where the target rate for Federal funds was likely to settle. The latter were quoted at 8⅞-8 15/16 per cent, although 8⅞-9 per cent was mooted as a more realistic rate, tending to reflect the rather defensive attitude in the market at the moment. Treasury bills were generally easier with 13-week bills at 7.86 per cent compared with 7.98 per cent late on Wednesday and 26-week bills at 8.55 per cent from 8.60 per cent. One-year bills were unchanged at 8.44 per cent.

Bankers acceptances offered rates stood at 9 per cent for 30-days and 9.15 per cent for 60-days. The 90-day rate was quoted at 9¼ per cent and 9.30 per cent for 120-days, 9.35 per cent for 150-days and 9.40 per cent for 180-days. High grade commercial paper stood at 8.95 per cent for 30-days, 9 per cent for 60-days and 9¼ per cent for 90-days.

FRANKFURT—The Bundesbank council voted to increase minimum reserve requirements to 9 per cent for domestic and foreign liabilities. This move is designed to drain the excess liquidity caused by substantial official intervention in the foreign exchange market. In the last 10 weeks, the Bundesbank has taken in at least DM 13.5bn through its intervention and this prompted yesterday's measures.

Call money was easier at 2.75-2.85 per cent compared with 2.8-2.9 per cent in the interbank market. Longer term rates showed a firmer tendency in places with one-month money at 3.5-3.6 per cent from 3.25-3.5 per cent and three-month rising to 3.9-3.95 per cent against 3.85-3.9 per cent. The six-month rate was quoted at 3.95-4.05 per cent from 3.95-4.0 per cent while 12-month money was unchanged at 4.05-4.15 per cent.

AMSTERDAM—Interbank money market rates were mixed overall with call money at 10½-11 per cent compared with 10-11 per cent on Wednesday and one-month money at 10½-11¼ per cent against 11-12 per cent. The three month rate was quoted at 10½-11 per cent from 10½-11¼ per cent while six-month money stood at 9¼-9¾ per cent against 9½-9¾ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally firmer with the one-month rate at 9⅝-9⅞ per cent from 9¼-9½ per cent as was the three-month rate at 9⅜-9⅝ per cent from 9¼-9½ per cent. Six-month deposits rose to 8⅞-8⅞ per cent against 8⅝-8⅞ per cent while the one-year rate was unchanged at 8½-8¾ per cent.

HONG KONG—Conditions in the money market were easy and call-money was quoted at 6 per cent while overnight business took place at 5¾ per cent.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills and a similar sum of corporation bills, all direct from the discount houses. Total help was termed as large. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements and banks brought forward balances some way below target. There was also a very slight net take up of Treasury bills. On the other hand there was a modest decline in the note circulation.

Discount houses were paying 8½-8¾ per cent for secured call loans at the start and closing balances were taken between 8 per cent and 8½ per cent.

In the interbank market overnight loans opened at 8¾-9 per cent and eased to 8½-8¾ per cent before coming back to 8¾-9 per cent. Rates tended to firm towards the close, with a lot of activity seen at 9 per cent before closing balances were taken at around 10 per cent. Longer period rates tended to ease in places, reflecting the reality of another week with MLR at 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 19 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank bills	Fine Trade Bills
Overnight	—	8¼-10	—	—	—	9¼	8-8¾	—	—	—
2 days notice	—	-	9⅛-9⅜	—	—	—	-	—	—	—
7 days or	—		—	—	-	9½		—	—	—
7 days notice		9-9¼	9½-9⅝	—	10¼		8½-8¾			—
One month	9⅞-9 15/16	9⅞-10	9⅝-9⅞	10½-10⅝	10½	10½	9⅛	9½-9⅝	9¾	10⅝
Two months	10 1/16-10¼	10 1/16-10⅝	—	10⅜-10⅝	11		9⅝	9⅞-9 15/16	10⅛	10⅝
Three months	10⅝-10¾	10⅞-11	10½-10¾	10½-11	11⅛	11⅛	9⅞	9 15/16-10	10⅛	11⅛
Six months	11-10⅞	11-11¼	10½-11	10½-11⅛	11¼	—	—	-	10⅞-11⅛	11½
Nine months	10⅞-10 15/16	10⅞-11⅛	—	11-11½	11⅜	—	—	—		—
One year	10⅞-10 15/16	10⅞-11	10¾-11⅛	10⅞-11¼	11⅞	—	—	—	—	—
Two years			11¾-12			—		—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12-12½ per cent; four years 12-12½ per cent; five years 12½-12¾ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10⅞-11 1/16 per cent; four-month trade bills 11¼ per cent.

Approximate selling rates for one-month Treasury bills 9⅜ per cent; and two-month 9⅝-9¾ per cent; three-month 9⅞-9 7/32 per cent. Approximate selling rate for one-month bank bills 9⅝-9 11/16 per cent; two-month 10 3/16-10¼ per cent; and three-month 10 9/16-10⅝ per cent. One-month trade bills 10¼ per cent; two-month 10⅝ per cent; and also three-month 10⅞ per cent.

Finance House Base Rates (published by the Finance House Association) 9½ per cent from October 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.8503 per cent.

GOLD

Weaker tendency

Gold fell $2 in nervous trading to close at $226½-227. The market was fairly active, opening at $227½-228½, the highest level of the day, and falling to a low of $225½-226 around lunch. The metal was fixed at $227.00 (£113.813) in the morning, and $225.65 (£113.392) in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 30,950 per kilo ($226.87 per ounce) in the afternoon, compared with FFr 31,00 ($228.28) in the morning, and FFr 31,150 ($230.02) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,455 per kilo ($227.00 per ounce), compared with $229.62 per ounce previously.

	Oct. 19	Oct. 18
Gold Bullion (a fine ounce)		
Close	$226½-227	$228½-229
Opening	$227½-228¼	$227½-228
Morning fixing	$227.00 (£113.813)	$229.25 (£114.740)
Afternoon fixing	$225.65 (£113.392)	$229.60 (£114.946)
Gold Coins domestically		
Krugerrand	$233-235 (£117-118)	$234½-236½ (£117½-118)
New Sovereigns	$65¾-65¾ (£32-33)	$64½-66½ (£32½-33½)
Old Sovereigns	$62-64 (£31¼-32¼)	$62½-64½ (£31½-32½)
Gold Coins internationally		
Krugerrand	$232½-234½ (£116½-117½)	$235-237 (£117½-118½)
New Sovereigns	$61-63 (£30½-31½)	$61½-63½ (£31-32)
Old Sovereigns	$62-64 (£31¼-32¼)	$62½-64½ (£31½-32½)
$20 Eagles	$302-316	$308-311
$10 Eagles	$163-169	$165-169
$5 Eagles	$106-110	$107-112

MONEY RATES

NEW YORK

Prime Rate	10
Fed Funds	8.9375
Treasury Bills (13-week)	7.86
Treasury Bills (26-week)	8.55

GERMANY

Discount Rate	3
Overnight	2.80
One month	3.55
Three months	3.925
Six months	4.20

FRANCE

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

European Open Championship starts in fine style

WALTON HEATH, Oct. 19.

GOLF

BY BEN WRIGHT

THE inaugural European Open Championship, with its magnificent prize kitty of £105,000, got off to a singularly auspicious start here today when the leading British professional Nick Faldo took a narrow one-strok lead with a finely-played five under par score of 68.

At 69 comes the tall and powerful Californian, Lon Hinkle, Australia's most promising youngster, Greg Norman, and the Spaniard, Manuel Calero, who I am told by natives of that country could easily be their best player if he was to put his mind to the task.

At present there are seven players at three under par 70, and these include my idea of the pre-tournament favourite, the now bearded American, Tom Weiskopf, who is in commanding form having just won the World Series in his native country and a lucrative tournament in Japan.

There are also Dr. Gil Morgan, New Zealander Simon Owen—continuing his distinguished run—and the new Dunlop Master Golfter, Tommy Horton, captain of the Professional Golfers Association.

Several more tried and tested American tournament professionals are lurking close up behind the leaders below the par of 73 and, praise be, so is Tony Jacklin, despite taking 36 putts in an otherwise distinguished round of 72.

The course here is a composite one incorporating some holes from the New Course, but comprising predominantly the old. At 7,130 yards i is possibly the finest test of inland golf in these islands, and the powerful American contingent have been lavish in praise of a wonderful golf course.

Today it could scarcely have played more easily, since there was hardly a breath of wind, the weather was reasonably warm and the fairways were fast-running—everything perfect for scoring.

The low spot of Faldo's round was reserved for the final hole, where he was first put off by a film crew when putting from 35 ft after a poor second shot with his nine-iron, and was then forced to back off again by the frenzied cries of a newspaper vendor. The consequence was three sorry putts and an angry reaction from the youngster in question which appeared to be justified.

Faldo had reached the turn in one under par 35, but really set up his round with a birdie at the drive and pitch 10th and an eagle three at the 507-yards 11th, where he found the green with his three-wood and holed out from 25 ft. He made further birdies at the 15th and short 17th holes, with putts of 8ft, but then came a sad ending to a marvellous round.

Hinkle has just enjoyed his best season in the United States, having finished 16th on the money-winning list with earnings of $135,236. He is one of the most deceptively powerful players in the world, generating enormous power from a lightning-hand action, although only using little more than a half-swing in the manner of another tall man, Peter Oosterhuis, who disappointed today on 75 alongside Seve Ballesteros, the Spanish king of Europe.

The latter's clubs were mislaid by a well-wisher last evening, who put them in someone else's locker, causing the Spaniard to play with borrowed clubs, except for his putter. It was the putter which inflicted most of the damage, however, when Ballesteros missed a short putt on the first green and took three putts on the second.

Hinkle set up his score with an outward half of 33, and although he missed four short putts he was never likely to score much worse, so easily within range of his massive hitting were the four par fives.

Norman has had a most disappointing year in Europe. But recently I saw him return to form and winning ways in Fiji, and his power was no disadvantage today.

Weiskopf, playing alongside Faldo, was fulsome in his praise of our young pretender, who himself admitted that he had tried to steal some of the American's majestic rhythm. He did the job very well, but Weiskopf himself played suspiciously, as he has not touched a club since competing in the Carrolls Irish Open in Portmarnock in August. That was another golf course with which Weiskopf had completely fallen in love—as he has with this great heathland test.

Jockey Club endorses report on St. Leger

BY DOMINIC WIGAN

THE STEWARDS of the Jockey Club have received the report of the Committee of Inquiry appointed to investigate the accident to East King before the start of the St. Leger. The Stewards have endorsed the recommendation of the report and have issued instructions for their immediate implementation.

The committee found that Easter King had a reputation in France for causing difficulty at starts but that Major Michael Everleigh, the Jockey Club starter, was not aware of this. Most French trainers are quick to ask for special starting arrangements for their runners in this country, but on this occasion this was not done. Had it been, the horse would have been the last to be loaded into the stalls. The committee recommended, therefore, that there should be an exchange of information between foreign turf authorities via the Racing Calendar Office on foreign runners with a history of playing up in the stalls.

On the question of why screens were not placed round the injured horse — dwelt on for several minutes by television cameras — the committee comments: "The decision not to erect screens was made by the veterinary surgeon. His main reasons were a fear that the screens might flap in the wind and disturb the other horses, and also that, in putting them closely around a horse which seemed to be concussed, there was a danger of the horse springing up suddenly and injuring itself further, or injuring the handler holding down its head, as had happened on another occasion in the veterinary surgeon's experience."

It cannot help feeling that, all things considered, screens in operation would have been in the best interests of racing.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at October 10, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 129.65
Clive Fixed Interest Income 114.20

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at October 19, 1978
Capital Fixed Interest Portfolio 100.00
Income Fixed Interest Portfolio 100.00

FOOD PRICE MOVEMENTS

	October 19 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,010	1,010	990
Ulster A.1 per ton‡	1,050	1,050	1,030
BUTTER			
NZ per 20 kg	12.59/12.72	12.59/12.72	12.59/12.72
English per cwt†	77.61/78.02	77.61/78.02	75.59
Danish salted per cwt†	78.98/81.72	78.98/82.22	78.98/81.72
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,345	1,345	1,275
EGGS*			
Home-produce:			
Size 4	2.65/2.80	2.70/3.00	3.00/3.40
Size 2	3.10/3.40	3.20/3.60	3.65/4.20
	October 19 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	53.0/57.0	53.0/57.0	54.0/58.0
Eire forequarters	35.0/38.0	35.0/38.0	35.0/38.0
LAMB			
English	52.0/56.0	52.0/58.0	54.0/58.0
NZ PLs/PMs	—	56.0/57.0	—
PORK (all weights)	36.0/46.0	36.0/46.0	37.0/46.0
POULTRY—Broiler chickens	36.0/38.5	36.0/38.5	36.0/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery October 22-29.

CONTRACTS

Furnace for Rolls-Royce

The Furnace Division of WELLMAN INCANDESCENT has received an order exceeding £100,000, for the supply of a gas-fired, pusher type, mould-heating furnace to Rolls-Royce Motors at Crewe. The furnace will heat loose backed shell moulds to 1,075 degrees C prior to vacuum casting. It will provide the customer with additional capacity for the production of precision cast turbine components for aero engines.

* * *

CAMBRIDGE SCIENTIFIC INSTRUMENTS took orders totalling almost £1m during September, with orders in excess of £300,000 coming from India, including five Stereoscan scanning electron microscopes.

* * *

FRIARMILL, Dudley, has an order, worth over £250,000, for 20 Manitou site lifts from Vernons Plant. The 2½-tonne capacity trucks, equipped with cabs and 5.40 metre triplex masts, are being delivered to Vernons depots for contract hire.

* * *

BALFOUR BEATTY CONSTRUCTION, a member of the Balfour Beatty Group of BICC, has been awarded the contract for construction of Underbridge No. 60A on the British Railway's Darlington to Saltburn Line. The work, valued at £360,000, is for the construction of a two span bridge consisting of precast prestressed concrete box beams spanning 15 metres and 12 metres, with a side span of reinforced concrete slabs which link on to the adjacent bridge.

* * *

Cumbria County Council has awarded a £140,000 contract to BALFOUR BEATTY CONSTRUCTION for reclamation of derelict land at John Pit, Lowca. The work comprises reshaping 10.5 hectares of land, some of which is to be spread and then covered with subsoil and topsoil to a thickness of 400mm. Included in the contract is the capping of one mineshaft and the locating, exposing, drilling and grouting of a further six shafts.

BSI to set a standard for sunshine

Financial Times Reporter

THE British Standards Institution is working on a code of practice for the design, installation and testing of solar systems for pre-heating domestic water supply.

This is one of several BSI projects connected with energy conservation disclosed in the Institution's annual report published yesterday. In the past year, it has published new standards on insulated underground pipes and insulating materials.

In the consumer field, it will shortly publish standards on skateboards and the protective clothing used by skateboard riders; and on children's playgrounds.

However although BSI's revenue increased, the 430 standards published in the past year were 100 fewer than in 1976-7. The BSI says it has been concentrating on making the production of standards more efficient.

APPOINTMENTS

ART GALLERIES

COMPANY NOTICES

ANGLO AMERICAN CORPORATION GROUP

Orange Free State Gold Mining Companies

Final Dividends—Financial Years
Ending 30th September, 1978

On October 19, 1978, dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on November 3, 1978, and to persons presenting the relevant coupons marked "South Africa", detached from share/stock warrants to bearer.

The transfer registers and registers of members will be closed in each case from November 4 to 17, 1978, both days inclusive and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about December 7, 1978. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on November 28, 1978, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before November 3, 1978.

Holders of share/stock warrants to bearer are notified that the dividends are payable on or after December 8, 1978, upon presentation of the respective coupons (marked "South Africa") at the offices of Barclays National Bank Limited, Stock Exchange Branch, corner Main and Sauer Streets, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, Zurich, Switzerland; Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France, and Banque Bruxelles Lambert, 2 Rue de la Regence, 1000 Bruxelles, Belgium, only. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa", may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The effective rate of non-resident shareholders' tax for all the undermentioned companies is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Coupons Marked "South Africa" No.	Rate of dividend per share/unit of stock
Free State Geduld Mines Limited	43	44	185 cents
President Brand Gold Mining Company Limited	47	49	85 cents
President Steyn Gold Mining Company Limited	47	48	50 cents
Welkom Gold Mining Company Limited	43	—	40 cents
Western Holdings Limited	47	—	225 cents

Free State Saaiplaas Gold Mining Company Limited

In view of the loss sustained on gold mining operations and the company's projected adverse cash position in 1979, the directors of Free State Saaiplaas have decided that no dividend will be paid by the company for the financial year ended September 30 1978.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. S. EDMUNDS
Companies Secretary

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102, Charter House,
Park Street, Ashford,
Kent, TN24 8EQ.

London Office:
40 Holborn Viaduct
EC1P 1AJ.

20th October 1978

LEGAL NOTICES

No. 003352 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NESTASTAR LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 17th day of October 1978, presented to the said Court by COURAGE (EASTERN) LIMITED whose registered office is at Anchor Brewhouse, Horselydown, S.E.1, in the County of Greater London, Brewers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TROWER, STILL & KEELING,
5, New Square, Lincoln's Inn,
London, W.C.2.
Ref: RGW/AJB. Tel: 01-405 3613.
Agents for: J. N. B. SPARKS,
Eddminster, Bristol BS99 7JR.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978.

COMPANY NOTICES

NOTICE OF RATE OF INTEREST

1862

Union Bank of Finland Ltd.

(Incorporated in Finland with limited liability)

US $30,000,000

Floating Rate Capital Notes due 1982

In accordance with the provisions of the Agency Agreement between Union Bank of Finland Ltd., and Citibank, N.A., dated as of 20 April, 1977, notice is hereby given that the Rate of Interest has been fixed at 10⅛% and that the interest payable on the relevant Interest Payment Date 20 April, 1979 against Coupon No. 4 will be US$53.40 and has been computed on the actual number of days elapsed (182) divided by 360.

By: Citibank, N.A., London
Agent Bank

20 October, 1978

WORLD STOCK MARKETS

Dow weakens 7.6 more in morning trading

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—80½% (77¼%)
Effective $1.9945 38½% (36%)

AFTER ANOTHER half-hearted opening rally, stocks on Wall Street slid further in fairly active early trading yesterday.

The Dow Jones Industrial Average, after picking up to 860.53 at 11.00 am, retreated to 852.04 at 1 pm for a fresh net fall of 7.63. The NYSE All Common Index was 41 cents lower at

Closing prices and market reports were not available for this edition.

$55.99, after hardening to $56.50, while losses led gains at mid-session by about a two-to-one ratio. Turnover amounted to 20.44m shares, compared with 23.22m at 1 pm on Wednesday.

Analysts said continuing concern about rising interest rates and inflation quickly sapped the initial technical recovery. Additionally, they noted that the market usually is cautious ahead of the weekly money supply report, which is announced after the market closes on Thursdays.

Analysts are looking for a sharp rise in the money stock this week after last week's surprising $2bn fall. A sharp increase would heighten fears of further credit tightening.

Among Glamour and Blue Chips, **Du Pont**, which reported higher third-quarter profits on Wednesday, nevertheless lost 1¼ to $129½. **IBM** declined 1⅞ to $278½, **General Dynamics** 1¼ to $79¼ and **Eastman Kodak** ½ to $61⅞. **Polaroid**, whose third-quarter profits also improved, eased ⅜ to $49¾.

Minnesota Mining shed ⅜ to $58⅜ in active trading, despite sharply increased third-quarter profits.

Merck picked up ⅜ to $57⅜—the Food and Drug Administration has approved its new antibiotic "Mefoxin."

Firestone Tire put on ⅛ to $12⅞—it has denied a Press report that it has reached agreement with the National Highway Traffic Safety Adminitration on a recall of Firestone 500 steel-belted radial tyres at a cost of $100m before tax benefits.

British Petroleum topped the actives list but were unchanged at $17⅞.

Seaboard World Airlines reacted 1⅜ to $13⅝ before a trading halt pending a news announcement. The stock rose sharply in active trading the previous day.

THE AMERICAN SE Market Value Index receded 1.08 more to 159.51 at 1 pm. Volume 2.26m shares (2.93m).

Volume leader **Resorts International "A"** declined 2¼ to $38⅜, while **King Radio** fell 2½ to $23⅛.

Risdon Manufacturing was a bright spot, jumping $4 to $19 in active trading. Directors have backed a planned $20 a share tender offer for all Risdon's Common stock by Metal Box, of the UK.

Canada

Following the recent sharp reaction, shares managed to show a firmer bias at mid-day yesterday after another moderate business. The Toronto Composite Index recouped 3.1 to 1,270.5 at noon, while Metals and Minerals put on 3.5 to 1,126.7 and Oils and Gas 2.4 to 1,634.2, but Golds fell 30.6 to 1,612.1 and Banks shed 0.30 to 300.07.

Power "A" rose ⅜ to C$20⅞. The company has agreed to sell its interest in Argus to Ravelston for C$80.5m.

Consolidated Textile, which has purchased Bruck Mills, were up 15 cents to C$3.45. **Westfield Minerals**, which has found uranium in Newfoundland, gained 45 cents to C$2.70.

Celanese Canada improved 35 cents to C$4.10, **Texasgulf** ⅜ to C$25⅜ and **Walker-Gooderham "A"** ⅜ to C$37⅜ on higher earnings.

Tokyo

The market's advance continued yesterday in further active trading, although part of the gain was lost late in the session due to profit-taking.

The Nikki-Dow Jones Average closed a net 14.62 higher at 5,872.53, after briefly touching a new record peak of 5,882.54. Volume came to 550m shares (590m).

Institutional investors actively bought Steels, Chemicals and Textiles, with **Nippon Steel** rising Y5 to Y113, **Nisshin Steel** Y9 to Y161 and **Nippon Paints** Y19 to Y300.

Shipping stocks were also favoured, reflecting reports that Japanese leading ship operators, such as **Japan Line**, are expected to reduce their current-account deficits to some extent this year.

Oil concerns also advanced as investors expect oil companies to make large foreign exchange gains due to the sharp rise of the yen.

On the other hand, Pharmaceuticals and Machineries were mostly lower on profit-taking.

Export-orientated issues put on a mixed performance, still somewhat subdued by the yen's strength.

Kaken Chemical rose Y120 to Y3,730, **General Sekiyu** Y80 to Y1,180, **Yokogawa Bridge Works** Y70 to Y1,800, **Sumitomo Precision Products** Y70 to Y1,110, **Fujita Tourist Enterprises** Y57 to Y910 and **Matsushita Communication Industrial** Y50 to Y2,000.

In contrast, **Green Cross** lost Y50 to Y2,610, **Hisamitsu Pharmaceuticals** Y40 to Y1,240 and **Daiichi Seiyaku** Y35 to Y835.

Germany

After the recent reactionary tendency, the market showed renewed buoyancy yesterday in lively trading, leaving the Commerzbank Index 9.1 stronger at a new eight-year high of 883.8.

In Motors, **Mercedes** advanced DM 5.70, while Engineerings had **MAN** DM 6.50 higher. In Chemicals, **BASF** put on DM 2, while **Thyssen** firmed DM 1.70 in Steels, and **Krupp** moved ahead DM 5.

Stores issue **Kaufhof** rose DM 5 following a company report that turnover rose in the first nine months of the year.

Trading on the Domestic Bond market remained cautious with Public Authority issues easing afresh by up to 55 pfennigs. The Regulating Authorities bought a nominal DM 21m of paper (DM 36.5m). Mark Foreign Loans were mixed to weaker.

Paris

Bourse prices remained firmer-inclined, with gains most predominant in the Banks, Foods, Constructions, Oils, Textiles, Chemicals and Stores sectors.

Electricals, Hotels and Motors were mixed, while Engineerings, Metals and Rubbers were slightly easier against the general trend.

Michelin "B" weakened 41 to FFr 1,345 on announcing lower first-half profits for 1978.

Dumez advanced 28 to FFr 719, **Rhone Poulenc** 3.6 to FFr 123.5 and **Jacques Borel** 7.1 to FFr 179.9.

Australia

News of a larger-than-expected rise in the Consumer Price Index in the September quarter put paid to a promising early rally yesterday, and shares closed easier for choice on balance.

Iron ore mining issue **Hamersley** fell 12 cents to A$2.23 in the wake of the company's 72 per cent profits slump in the nine months period to September 30, but its major shareholder, **CRA**, which retreated 15 cents on Wednesday, picked up 2 cents to $A3.47.

Partly in sympathy with Hamersley, **BHP** and **CSR**, both of which have iron ore interests, receded 8 and 12 cents respectively to A$8.38 and A$3.20.

However, the strong gold price and news of copper and uranium mineralisation discoveries on the company's Roxby Downs prospect combined to lift **Western Mining** 4 cents to A$1.76.

Still buoyed by the Gold price, **Central Norseman** advanced 60 cents more to A$14.60.

Among weaker Banks, **ANZ** shed 5 cents more to A$3.75 and **National** lost 4 cents to A$2.67.

Johannesburg

The market rallied on the outcome of talks between South Africa and the five Western powers on the South West African issue, overcoming initial hesitation which reflected fears of a complete breakdown in the talks.

Golds put on between 50 and 75 cents in the case of heavyweights, while lower-priced issues gained up to 20 cents.

Mining Financials improved in line with gold producers, while Diamond leader **De Beers** finished 15 cents up at R8.00. Platinums posted gains of between 9 and 13 cents, but Coppers were easier.

Industrials ended mixed with a harder bias following a moderate business.

Hong Kong

Stocks staged a recovery on meeting local buying interest, with the Hang Seng Index gaining 11.41 to 644.46.

Hong Kong Wharf were the centre of attraction and rose 50 cents to HK$34.25, while the Warrants advanced HK$6 to HK$105.

Green Island Cement, on higher first-half net profits, moved ahead HK$1.25 to HK$37.25.

Hongkong Bank gained 30 cents to HK$20.30, *Jardine Matheson* 30 cents to HK$17.40 and **Hong Kong Land** also 30 cents to HK$11.30.

Switzerland

Stock prices continued to rally in more active trading.

Demand was particularly strong for Insurance shares, with **Zuerich-Versicherung Bearer** rising 5 per cent.

Banks were led higher by **Union Bank of Switzerland**, up 40 at SwFr 3,090.

Among Industrials, Bearer shares of **Ciba-Geigy**, **Nestle** and **Alusuisse** recorded gains of about SwFr 35 apiece.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Oct. 18	Oct. 17
Abbott Labs	34⅜	34¼
Addressograph	25⅞	24½
Aetna Life & Cas	39⅝	40⅛
Air products	26	26⅜
Alcan Aluminium	32¾	35¼
Alcoa	48½	49⅝
Alleg. Ludlum	17⅝	17¾
Allegheny Power	17¼	17½
Allied Chemical	35	35⅛
Allied Stores	25	25¼
Corning Glass	58	58
CPC Int'rn'tional	51	51¼
Crane	29⅝	30⅞
Crocker Nat	28⅜	28¼
Crown Zellerbach	34¼	34½
Cummins Engine	34⅞	35½
Curtiss Wright	16⅝	16½
Dana	30¼	31⅛
Dart Industries	42½	43
Deere	34	34
Del Monte	42	41⅞
Johns Manville	30¾	31½
Johnson Johnson	80¼	80⅝
Johnson Control	28¼	28
Joy Manufactur'g	32½	32⅞
K. Mar Corp.	26½	26⅜
Kaiser Aluminium	38	38
Kaiser Industries	2	2⅛
Kaiser Steel	25	23¼
Kay	14	14¼
Kennecott	25⅝	26½
Kerr McGee	45¾	46⅝
Kidde Walter	32⅝	32⅞
Revlon	51⅞	51¾
Reynolds Metals	36⅝	36⅞
Reynolds R. J.	59¾	59⅞
Rich'son Merrell	24½	25½
Rockwell Inter.	36⅛	36⅝
Rohm & Haas	36¾	37½
Royal Dutch	64	64½
RTE	12½	12¾
Russ Togs	11½	11⅝
Ryder System	25	25¼
Safeway Stores	45¼	45⅝
Woolworth	20⅝	20⅞
Wyly	5¾	5⅞
Xerox	52½	53⅝
Zapata	15¼	15⅝
Zenith Radio	14½	14⅝
U.S. Treas. 4% 1980	†94⅝	†94⅝
U.S. Treas. 4¼% 75/85	†80½	†80¼
U.S. 90-day bills	7.96%	8.13%
Westvaco	27½	28½
Weyerhaeuser	28½	29
Whirlpool	21⅝	22⅛
White Con. Ind.	20⅝	20½
Williams Co.	19⅝	19⅝
Wisconsin Elect.	28	28

CANADA

Stock	Oct. 18	Oct. 17
Teck Stone Mines	8⅛	8⅛
Walker Hiram	37¼	37¼
West Coast Trans	11¼	11¼
Weston (Geo.)	20	20⅛

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK—DOW JONES

	Oct. 18	Oct. 17	Oct. 16	Oct. 13	Oct. 12	Oct. 11	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials◆	859.87	866.54	875.17	897.09	896.74	901.42	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.86	88.02	88.08	88.30	88.35	88.21	90.95 (4/1)	86.78 (11/7)	—	—
Transport	252.71	257.44	246.36	249.31	250.12	249.85	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.23	104.84	105.89	106.77	106.70	106.97	110.98 (3/1)	102.84 (22/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	33,140	38,010	24,740	21,820	30,170	21,730	—	—	—	—

* Basis of Index changed from Aug. 24 ◆ Day's high 871.19 low 853.60

	Oct. 13	Oct. 6	Sept. 29	(Year ago approx)
Ind. div. yield %	5.92	5.39	5.48	5.49

STANDARD AND POORS

	Oct. 18	Oct. 17	Oct. 16	Oct. 13	Oct. 12	Oct. 11	1978 High	1978 Low	Since Compil'tn High	Since Compil'tn Low
‡ Industrials	111.37	112.21	115.68	116.09	116.29	116.96	118.71 (12/9)	96.82 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§ Composite	100.49	101.26	102.51	104.66	104.88	105.39	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Oct. 11	Oct. 4	Sept. 27	Year ago (approx.)
Ind div. yield %	4.69	4.79	4.86	4.75
Ind. P/E Ratio	9.81	9.59	9.45	9.28
Long Gov. Bond yield	8.58	8.64	8.58	7.76

N.Y.S.E. ALL COMMON

Oct. 18	Oct. 17	Oct. 16	Oct. 13	1978 High	1978 Low
56.40	56.89	57.80	58.96	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Oct. 18	Oct. 17	Oct. 16
Issues traded	1,886	1,923	1,909
Rises	297	143	209
Falls	1,231	1,551	1,374
Unchanged	358	229	326
New Highs	4	5	20
New Lows	41	33	12

		Oct. 18	Oct. 17	Oct. 16	Oct. 13	1978 High	1978 Low
MONTREAL	Industrial	212.19	211.00	214.86	218.75	222.14 (11/10)	162.30 (16/2)
	Combined	217.76	217.56	220.63	225.58	228.61 (12/10)	170.82 (30/1)
TORONTO	Composite	1267.4	1276.9	1290.0	1322.7	1332.7 (12/10)	998.2 (30/1)
JOHANNESBURG	Gold	250.4	251.2	247.9	254.6	272.0 (14/8)	185.0 (20/4)
	Industrial	267.8	268.5	268.9	269.5	271.1 (15/8)	194.9 (13/3)

	Oct. 19	Previous	1978 High	1978 Low
Australia(¶)	549.34	550.60	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	97.88	97.79	101.16 (8/6)	90.43 (23/6)
Denmark (**)	92.38	92.70	98.95 (14/6)	92.38 (19/10)
France (††)	81.8	81.4	83.0 (4/10)	47.6 (3/2)
Germany(‡‡)	863.60	864.70	863.8 (19/10)	759.4 (17/6)
Holland (§§)	87.1	87.6	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	644.46	633.05	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	76.40	75.63	82.52 (25/9)	55.45 (10/1)
Japan (a)	439.69	438.38	439.69 (19/10)	364.04 (4/10)
Singapore(b)	383.10	376.34	414.50 (8/9)	252.0 (9/1)
Spain (d)	94.93	94.62	110.78 (9/3)	27.98 (17/5)
Sweden (e)	360.16	365.41	408.00 (4/8)	325.74 (3/1)
Switzerld(f)	289.5	266.6	323.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Reliance Group	1,182,400	31¼	+⅜
Ramada Inns	410,700	10¼	—⅜
Pan-Amer. Airways	365,100	7½	—⅜
Amer. Tel. & Tel.	338,300	62⅞	—⅛
Seaboard Airlines	273,900	15	+3½
Western Air Lines	252,800	9⅞	—⅜
Bally Manfg.	216,300	42⅞	—1⅛
Archer-Daniel-M.	216,300	13⅞	—⅛
Eastman Kodak	203,600	62⅛	—⅛
Texaco	202,500	24⅜	—⅛

AUSTRALIA

Oct. 19	Aust. $	+ or —
ACMIL (25 cents)	†0.72	—0.01
Acrow Australia	‡0.91	
AMATIL $1	†2.15	—0.05
Ampol Exploration	†1.35	
Ampol Petroleum	†0.64	
Assoc. Minerals	†1.56	
Assoc. Pulp Paper $1	†1.70	

BRAZIL

October 19	Price Cruz	+ or —	Cruz Div.	Yld. %
Acesita	0.93	+0.01	0.12	12.90
Banco do Brazil	1.88	+0.02	0.16	8.51
Banco Itau PN	1.49		0.37	25.85
Belgo Mineira OP	1.16	+0.04	0.08	6.89
Lojas Amer. OP	3.07	—0.05	0.20	6.51
Petrobras PP	2.26	—0.01	0.13	5.75
Pirelli OP	1.46			

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½ %
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½ %
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
Duncan Lawrie	10 %
The Cyprus Popular Bk.	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½ %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½ %
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½ %
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½ %
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1855

GERMANY ◆

TOKYO ¶

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

COPENHAGEN ♣

SWITZERLAND ♠

OSLO

JOHANNESBURG

MILAN

VIENNA

STOCKHOLM

SPAIN ♥

Securities Rand US$0.71¼ (Discount of 37.6%)

FARMING AND RAW MATERIALS

Brazil steps up robusta coffee sales

RIO DE JANEIRO, Oct. 19.

BRAZILIAN COFFEE exporters have stepped up their sales of the local robusta variety Conilon in the last two months.

Brazil's coffee exports normally are almost all arabicas but current market conditions have made Conilon competitive with African robustas enabling Brazil to sell an estimated 200,000 bags (60 kilos each) since mid-August. Brazilian robusta sales on this scale have not been seen for many years, but the total is still very small in world terms.

But trade sources do not expect this competitiveness to last much longer, Reuter reports.

More than half of the recent sales have gone to the U.S., probably because buyers there are looking for substitutes for Ugandan robustas, imports of which are being boycotted for political reasons, the sources said.

But demand for Brazilian robustas may start to decline soon as new crop African coffees become available. Also, the low Conilon cruzeiro price, which helped sales initially, has now risen steeply, they added.

The sources also noted that Brazil's recent sales have reduced its stocks of Conilon significantly, and probably little remains for export.

● On the London robusta futures market, prices ended sharply lower. After remaining fairly steady for most of the day, heavy speculative selling, which was not matched by trade support, pushed prices down near the close and the January position ended £51 lower at £1,492 a tone.

Dealers said the selling may have been encouraged by news of reduced internal coffee taxes in Mexico, which are expected to lead to lower export prices.

World cotton estimate cut

WASHINGTON, Oct. 19.

THE U.S. Agriculture Department (USDA) now estimates 1978-79 world cotton production at 60.4m bales (480 lb net), down 3m from last season and 1.5m from the amount indicated earlier.

In its weekly world production and trade development report, based on preliminary data from main cotton producing countries, foreign output is forecast at 49.5m. bales, up 400,000 bales from last season.

But this is below earlier expectations, due to drought in China. China's output in the 1978-79 season is now forecast at about 9.6m. bales compared with a revised 9.2m last season. Earlier the USDA had estimated China's output at 10.6m bales. Reuter

Anglo-German talks on farm policy deadlocked

BY MARGARET VAN HATTEM

BONN, Oct. 19.

BRITISH ARGUMENTS for reform of the Common Agricultural Policy, aimed at reducing the EEC's notorious food mountains and bringing down the level of price support, appear to have fallen on deaf ears in Bonn here today.

British sources close to the talks between Mr. John Silkin, UK Minister of Agriculture, and Herr Hans Juergen Rohr, German State Secretary for Agriculture, reported little progress on the issue.

Although Herr Helmut Schmidt, the West German Chancellor, earlier expressed understanding for the British view that reform of the CAP is an essential precondition to Britain's joining the European Monetary System, the sources said that no such sympathy was evident in the German Agriculture Ministry.

Mr. Silkin had emphasised during the talks that Britain gave top priority to reducing the structural surpluses and bringing down the cost of supporting products such as milk and sugar. The Germans made clear that they did not.

In discussions on the EEC Commission's latest proposals for bringing milk production into line with consumption, the Germans were reported to have argued against a cut or even a freeze on intervention prices and to have favoured instead resurrecting the co-responsibility levy—a tax on milk production which affects producers' returns but not consumer prices.

Both Mr. James Callaghan, the Prime Minister, and Herr Schmidt reaffirmed today that significant progress had been made towards a Common Fisheries Policy, which is now expected to be agreed by the end of November.

Senior UK and German officials are due to continue negotiations at a special meeting next week.

No such breakthrough was made in the agricultural talks, however. Although bilateral talks will continue, it is felt that there is insufficient common ground to merit a special meeting.

Fraser for Arab beef deal talks

BY OUR OWN CORRESPONDENT

CANBERRA, Oct. 19.

MR. MALCOLM FRASER, the Australian Prime Minister, is to meet next week a Saudi Arabian businessman said to be interested in buying huge quantities of Australian beef.

The businessman, Mr. Gaith Pharaon, is claimed by his Australian contacts to be considering a deal which could boost Australia's beef exports by up to 160,000 tonnes a year.

Mr. Fraser is to be briefed for the meeting by Trade Department officials tomorrow. The meeting is to take place at a South Australian racehorse stud —Lindsay Park, near Adelaide— next Thursday.

Mr. Fraser, however, is rather coy about the affair and attempts have been made to keep it as quiet as possible. Meetings with Arabs and any association with Arab money are regarded as politically sensitive here as a result of the embarrassment caused to the former Labour Government of Mr. Gough Whitlam by two such incidents.

The first involved unsuccessful attempts by the Labor Government to borrow $4bn in Arab money through a Pakistani intermediary.

The second centred on a breakfast meeting by Mr. Whitlam with three Iraqis to discuss the possible provision of funds by Iraq for the Labor Party's election campaign.

of Mr. Pharaon's interest in buying Australian beef by the owner of the Lindsay Park Stud, Mr. Colin Hayes.

Mr. Fraser is to visit the stud on Thursday, ostensibly to look at three thoroughbred foals which are to be a gift to the Queen from the Australian Government.

The Government has been told Mr. Pharaon is scheduled to arrive in Adelaide by private jet on Thursday and stay overnight at Lindsay Park.

Australia calls for probe of EEC sugar subsidies

GENEVA, Oct. 18.

AUSTRALIA HAS accused the EEC of unfairly doubling its share of the world free market in sugar through excessive export subsidies.

Australian delegate Mr. Colin Teese told the council of permanent representatives of the General Agreement on Tariffs and Trade that export subsidies amounting to an estimated $830m this year were likely to increase the EEC's share of the free market to at least 22 per cent, compared with only 11 per cent two years ago.

EEC sugar export subsidies last year totalled $414m, Mr. Teese said.

He called on the council to investigate Australia's claim that the Community's action was against GATT rules.

These allow a country to subsidise farm exports, but not to such an extent that it gains an unfair share of the market.

Mr. Paul Luyten, the EEC delegate, did not answer the Australian claims, but argued that, under the 84-member organisation's procedural rules, Australia should first hold formal consultations with the Community before demanding a GATT inquiry.

After long discussion the council agreed that Australia and the EEC should begin talks on the issue immediately.

If the two are unable to agree, Australia, a big sugar exporter, could ask for another council by giving 10 days' notice and repeat its demand for an inquiry.

Australia's call for an inquiry was backed by Brazil, Cuba, Nicaragua, the U.S., the Philippines, New Zealand, Peru, Hungary, India, Argentina and Canada. Reuter

Platinum producer lifts price

By Our Commodities Editor

A RISE in the platinum producer price, from $250 to $280 an ounce, was announced yesterday in Johannesburg by Impala Platinum. This leapfrogs the rise of $10 to $260 by Rustenburg Mines at the end of September and there was speculation in London that Rustenburg may now be tempted to increase its price to $300.

Impala's decision to raise its producer price once again to a higher level reflects the recent surge in free market platinum values, which last week breached $300 for the first time and yesterday touched a new high of $346 before easing, on profit-taking, to $342 in the afternoon.

The sterling free market price was at a record £172.95 an ounce on Wednesday—a gain of nearly £40 in the past month—but yesterday closed marginally lower at £171.75.

London free market sources reported that there was further buying by the Japanese, and from Switzerland. Prices are being boosted by a shortage of spot supplies, with the Soviet Union still withdrawn as a seller.

A clearer picture of the Soviet intentions may emerge later this month when Russian representatives attend the London Metal Exchange dinner and normally negotiate next year's platinum supply contracts.

But it is suspected that production problems, rather than simply reserving platinum for Olympic Games coins, is the major reason for the Soviet reluctance to sell.

Tin market moves lower

By Our Commodities Staff

TIN PRICES fell again on the London Metal Exchange yesterday on expectations that the shortage of nearby supplies will be eased soon with shipments on their way to bolster up warehouse stocks. Standard grade cash tine lost £85 to £7,644 a tonne, while the three months quotation was only £27.5 lower at £7,525.

It was claimed that the record price levels reached earlier had attracted sizeable quantities of tin, which are expected to arrive soon.

Copper and lead prices also fell back, but aluminium was hihger following reports of the wildcat strike at Alcan's Arvida smelter in Canada.

UK AGRICULTURE

Mixed blessings of an Indian summer

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE INDIAN summer, which ended rather abruptly last weekend, has been a mixed blessing for farmers in the south of England. The dry weather enabled many of them to make considerable progress sowing their autumn barley and wheat, but it also reduced grass growth and made some ploughing conditions very difficult.

On my own farm I had been planning to plough about 200 acres of grassland for wheat, replacing it with freshly sown grass fields which should have been ready for an early grazing by October. I began to sow the grass in mid-August after harvesting winter barley and the programme went very well, except that the seeds have been very slow to germinate because of the lack of moisture. I still have no grazing, and am unlikely to have any unless there is good rain followed by warmth.

The grass seeds have germinated for the most part—and there has been just enough in the way of scuds of rain to keep them alive—but until the break in the warm weather I was getting very worried and was prepared to delay ploughing some of my old grass until I saw how things would turn out.

Premonition

A failure of the grass plantings would have been a serious matter for my livestock farming because, although I could have resown in the spring, it would not have made sufficient growth.

I must have had a premonition of this last July, because I took the opportunity to sell my store lambs then at a very good price. This meant that I did not have either to keep them on to try and make them fat on the new grass, nor sow special feed for them, all of which would have come to nothing. I was especially pleased to see that the price of lambs at a big sale last week was no better—in fact a little worse —than it was in July.

The dry conditions also affected the sales of breeding ewes. Prices were several pounds a head cheaper than they had been at earlier sales. However, they are still to my mind too high for economic farming. The only reason I persist with sheep is that I have a system which includes sheep. Therefore, as long as I have a flock, it has to be maintained in its proper ages whatever the cost.

Of course, blind obstinacy in sticking to this or any principle is a certain recipe for disaster, so I am trying to puzzle out a breeding policy which will enable me to produce my own replacements at a cheaper capital cost than buying.

The other alternative is to go out of sheep altogether. I didn't do this as soon as the ewe prices became uneconomic about two years ago, because of the certain knowledge that constant change is almost as bad in farming as blind obstinacy. Furthermore, I don't like to have all my eggs in one basket (corn growing) and I *like* sheep.

Sheep also help soil fertility and I am old fashioned enough to believe that a break with grass stocked by sheep—or cattle for that matter—benefits the succeeding arable cropping.

This was at one time almost an essential criterion of good farming, but today, with the chemicals and fertilisers that are available, grass land farming is no longer considered in the same light. In fact it can be a damned nuisance.

For instance, if I had not had sheep on these grass fields, the ground would not have been beaten down so hard by the hooves and would have ploughed fairly easily. Like some of my stockless neighbours, I would have my autumn wheat all sown by now and be getting ready for the massive yields that are bound to follow the latest "blueprint" farming techniques.

"Blueprint" is the latest "in" word for farmers. It means following a fixed set of cultivations and chemical applications designed to ensure the farmer maximum crops.

Livestock, being livestock, and so inherently unreliable, have no place in any blueprint that I know of so I have already lost the first round in the blueprint battle by not having all my wheat planted by the optimum date of October 20.

But I am not too worried. There is an old farming saying that barley should be planted in dust, and wheat in mud. It predates the blueprint system by several centuries. I have planted all my winter barley in very dry and dusty conditions, simply because of the lack of rain.

The great thing about the dusty seed bed is that when the rain comes it will soon form a nice environment in which the rootlets will be able to develop. I was able to secure these conditions because the winter barley followed other crops, and the land was worked down either by cultivation or ploughing without much difficulty. A great deal of it has germinated and looks quite well.

Moisture

But the grass is unploughable, and even if it were not, the clay would come up in such great lumps as to make any subsequent working down very difficult. It would leave not a dusty seed bed, but horrible knobs which would take a great deal of rain to ensure conditions for good germination. Even if I wanted to plough there is a shortage of shares and other wearing parts.

I am therefore patiently awaiting a couple of inches of rain to soften the ground sufficiently *for ploughing to start.*

This will almost certainly extend sowing well into November, but here again I doubt if it is really a serious matter, as long as there is enough moisture at that time for the seed to germinate. At one time, when farming a very large acreage, I used to plant wheat up until Christmas, when conditions allowed, and then switch to spring barley after the New Year. I never found that subsequent yields had much to do with sowing dates.

The essential rule is to plant wheat before the really cold weather strikes, and to do the job when the land is right. Had mine been right this autumn, I would have had it all in by now.

Icelandic trawler lands at Grimsby

By Our Own Correspondent

BETTINGUR, the first Icelandic trawler to land at Grimsby for two years, sold her 18,440 stones of fish for a bumper £66,936 yesterday. This follows the lifting of a ban by dockside porters a fortnight ago.

The ship donated a box of cod to be auctioned for the Royal National Lifeboat Institution, which raised £120.

The porters imposed their ban when British ships were excluded from Iceland's 200-mile limit.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier. Forward metal opened at the day's high of £766 and then fell away to around £761 on the pre-market owing to lack of interest and some speculative selling. At this level short-covering against European business steadied the price to £764. An unimpressive opening on Comex pushed the market down in the afternoon with forward metal falling to £760 but renewed influential buying steadied the price to around £764 on the late kerb. Turnover 20,850 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Wirebars				
Cash	742.5-3.5	—8.25	742.5-3.5	—4.5
3 months	764-.5	—8.5	764-.5	—4.5
Settl'm'nt	743.5	—8	—	......
Cathodes				
Cash	730.5-1.5	—9	731.5-2.5	—4.25
3 months	752-.5	—9	752.5-3.5	—4.5
Settl'm'nt	731.5	—9	—	......
U.S. Smt.	625	......	*69-71.025	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £741.5, three months £764, 63.5, 63, 62.5, 62, 61.5, 62, 62.5, 63, 62.5, 63, 64, 64.5. Cathodes, cash £732, three months £752. Kerb: Wirebars three months £763.5, 64, 63.5, 63, 62.5. Afternoon: Wirebars, three months £761, 61.5, 62, 62.5, 63, 63.5, 64. Kerb: Wirebars, cash £743, 43.5, three months £764, 64.5.

TIN—Lost ground. After opening at £7,580 forward metal came under pressure from nervous bull liquidation which lowered the price to £7,490 at the start of the morning rings. However, trade buying saw values pick up thereafter with forward material finally £7,525, after touching £7,555. Turnover 1,950 tonnes. Morning: Standard, cash £7,680, three months £7,480, 7,500, 7,495, 90, 7,510, 20. Kerb: Standard, three months £7,500, 10. Afternoon: Standard, three months £7,510, 30, 35, 20. Kerb: Standard, three months £7,530, 25.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7660-70	—70	7650-60	—85
3 months	7520-50	—47.5	7530-60	—35
Settlem't	7670	—70	—	......
Standard				
Cash	7660-70	—70	7650-60	—86
3 months	7510-20	—42.5	7520-30	—27.5
Settlem't	7670	—70	—	......
Straits E.	$1980	......	—	......
New York	—	......	—	......

LEAD—Down again. General selling lowered forward metal from £385 to £376 on the pre-market, but these levels attracted some trade buying which lifted the price to £384 in the rings. Towards the close, however, fresh selling pared the price to £382.5 on the late kerb. Turnover 12,225 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	395-6	—14	395.5-6.5	—3
3 months	380.1	—15	381.5-2	—3.25
Settlem't	410	——	—	......
U.S. Spot	396	—14	*36-36	......

Morning: Cash £393, 94; three months £379, 78, 78.5, 79, 79, 79.5, 81, 82, 81, 80, 79, 80. Kerb: Three months £381, 80.5, 80. Afternoon: Three months £379, 79, 78.5, 79, 79.5, 80, 81, 81.5. Kerb: Three months £381.5, 82, 83, 83.5, 84, 84.5, 84, 83.5, 83, 82, 81.5.

ZINC—Barely changed and quiet. Forward metal traded between £354 and £358 prior to closing on the late kerb at £358.5. Turnover 4,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	345-6	—4.75	346.5-7	+1.25
3 months	356.5-7	—4.5	357-8	+.75
S'ment	346	—4.5	—	......
Prim. west	—	......	*33.5-4.5	......

Morning: Cash £343, 42.5, three months £354.5, 55, 56, 56.5, 57. Kerb: Three months £357. Afternoon: Cash £347, three months £357, 58, 57.5. Kerb: Three months £357.5, 58.

ALUMINIUM—Moved ahead, still reflecting the strike at Alcan's Arvida smelter. Forward metal gained ground throughout the day to touch £602 before easing fractionally to close at £601.5. Turnover 1,025 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£		£	
Spot	—	......	—	......
3 months	601-2	+4.75	600.5-1	+6

Morning: Early January £602, three months £600, 601, 602. Afternoon: Three months £601, 600, 601. Kerb: Three months £601, 602.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

I.G. Index Limited 01-351 3466. March Cocoa 1971-1980
29 Lamont Road, London SW10 0HS
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COMPANY NOTICES

N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST

(ENGLISH AND DUTCH INVESTMENT TRUST) ESTABLISHED IN AMSTERDAM PARTICIPATION CERTIFICATES (ISSUED BY ROYAL EXCHANGE ASSURANCE)

Notice is hereby given that the net asset value (unaudited) of a Participation Certificate as at September 30th, 1978, using the official rates of exchange, was pounds sterling 20.15.

By Order of the Board.
HOLLANDSE KOOPMANSBANK NV
Managers.
SARPHATISTRAAT 14-A
AMSTERDAM.
October 20th. 1978.

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS

Currency adjustment arrangements in respect of traffic between the U.K. and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes Ports

The steamship lines, members of the above Conferences, operating services between the U.K. and Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes Ports, wish to advise shippers that due to the continued weakening of the tariff currency, i.e. Canadian dollar, against sterling, they have been compelled to give careful consideration to the present currency adjustment arrangements applicable on the traffic in question and whilst they have decided that no change will be made at the present time in the principle used, i.e., that 50 per cent of any currency fluctuation away from the tariff base rate will be applied as a currency adjustment either surcharge or discount whichever appropriate, in accordance with a prescribed scale, they have felt it necessary to make a revision in the currency arrangements whereby adjustments will be made on the basis of one-half of 1 per cent either way to reflect fluctuations of 1 per cent in the appropriate rate as against the present arrangement whereby a 2 per cent fluctuation is necessary before a 1 per cent change is made.

The Lines feel sure that shippers will appreciate that this change can apply either way, i.e., a strengthening of the tariff currency by 1 per cent would lead to a reduction of one-half per cent in the appropriate currency adjustment figure and likewise a depreciation of 1 per cent would lead to an increase of one-half per cent.

This new arrangement will become effective as from November, 1978, and any further information may be obtained from any of the undernoted steamship lines' members of the Conferences.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline Company Ltd.
Hapag-Lloyd AG.
Manchester Liners Ltd. } Joint Membership
Golden Cross Line Ltd }
Ernst Russ (Westbound only).

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries.
Cunard Building,
Liverpool L3 1DS.
October, 1978.

PUBLIC NOTICES

DERBY CITY COUNCIL BILLS

£1,150,000 due 17th January, 1979. Issued 18th October, 1978, at a rate of 10¼% per annum. Applications totalling £4,450,000. These are the only Bills outstanding.

BRIGHTON B.C.

£1.6m Bills issued 18th October, 1978, due 17th January, 1979, at 10¼%. Total applications £4.8m. No other Bills outstanding.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	4.50	14.00
Residential Property	2.00	8.00
Appointments	4.50	14.00
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Hotels & Travel	2.75	10.00
Book Publishers	—	7.00

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(Minimum size 40 column cms
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For further details write to:
Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY

CLUBS

SILVER

Silver was fixed 2.2p an ounce lower for spot delivery in the London bullion market yesterday at 297.6p. U.S. cent equivalents of the fixing levels were: Spot 591.8c, down 7.0c; three-month 603.0c, down 6.2c; six-month 614.4c, down 6.3c; and 12-month 639.3c, down 6.1c. The metal opened at 297½-298½p (594½-596c) and closed at 296½-297½p (591-592½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	297.6p	—2.2	296.55p	—2.15
3 months	305.3p	—2.2	304.25p	—2.1
6 months	313.55p	—2.45	—	......
12 months	330.45p	—2.45	—	......

LME—Turnover 289 (295) lots of 10,000 ozs. Morning: Three months 305.3, 5.1, 305, 304.8, 4.7, 4.6, 4.3, 303.8, 304, 4.1. Kerbs: Three months 304.5, 4.3, 4.1, 304, 303.8. Three months 304, 4.3, 4.3, 4.4, 4.3. Kerbs: Three months 304.4, 4.3, 4.2, 304.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 315 tonnes, bringing the total for the week so far to 1,558 tonnes. There was fair off-take, with renewed interest in Middle Eastern qualities, F. W. Tattersall reported. Occasional support came in African growths.

COCOA

Values opened firmly and thereafter held steady on factory off-take and short-covering. Origin sellers were reluctant, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1,58.0-60.0	+41.0	1,60.0-34.0
March	1,75.0-78.0	+32.0	1,85.-56.0
May	1,91.0-85.0	+28.5	1,97.0-69.0
July	1,81.-85.0	+18.0	1,85.-69.0
Sept.	1,79.0-82.0	+22.5	1,80.0-67.0
Dec.	1,42.0-45.1	+21.5	1,45.-05.0
March	1,912.0-26.0	+18.5	1,910.0

Sales: 3,849 (5,281) lots of 10 tonnes.

International Cocoa Organisation. Daily price for Oct. 18: 168.61 (166.89). Indicator prices for Oct 19: 15-day average 169.05 (169.10): 22-day average 170.12 (170.37). (U.S. cents per lb.)

COFFEE

After a disappointing opening, local trade selling kept robusta values depressed in quiet conditions, Drexel Burnham reported. Further trade selling in the afternoon, some of which emanated from New York, continued to depress levels, despite noted support from one London trade house. Values at the close reflected this pressure and finished the day £22.5-£51.50 down on balance in good volume.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
November	1585-90	—45.0	1640-1581
January	1591-93	—51.0	1655-1490
March	1392-95	—51.5	1465-1381
May	1345-48	—55.5	1389-48
July	1310-15	—28.0	1340-15
September	1285-95	—27.5	1315-1275
November	1260-80	—27.5	—

Sales: 5,704 (4,059) lots of 5 tonnes.

ICO indicator prices for Oct. 18 (U.S. cents per pound): Colombian Mild Arabicas 172.50 (173.00); unwashed Arabicas 154.00 (same); other mild Arabicas 154.68 (154.33); Robustas ICA 1976 152.00 (150.99); Robustas ICA 1968 153.00 (same). Daily average 153.04 (152.66).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 35-40p lower. Wheat values eased on some speculative liquidation, but commercial buying was evident at 50p-60p lower which improved the market slightly, ACLI reported. Good scale-down buying was apparent and the market closed 45p-50p lower. Barley values eased on country and trade selling in fairly good business to close 50p-60p lower.

Month	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov.	87.85	—1.45	79.75	—.60
Jan.	90.35	—0.45	82.55	—.80
Mar.	92.60	—0.40	84.90	—0.50
May	95.00	—0.50	87.10	—0.50

Business done—Wheat: Nov. 88.10-87.85, Jan. 90.55-90.15, March 92.75-92.60, May 95.10-95.00. Sales: 172 lots. Barley: Nov. 80.15-79.70, Jan. 82.95-82.50, March 85.10-84.85, May 87.30-87.10. Sales: 165 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Oct. £94.30, Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, Oct. £95.30, Nov. £96.30, Dec. £98.65, transhipment East Coast. U.S. Hard Winter Ordinary 13½ per cent and EEC grades unquoted.

Maize—U.S./French Oct. £102.50, East Coast. S. African White Nov.-Dec. £64.50, UK. S. African Yellow Nov.-Dec. £64.50, UK.

Barley—English Feed fob, Nov. £83.50. Sorghum and Oats: Unquoted.

HGCA—Location ex-farm spot prices: Other milling wheat: N. Lincoln £89.80, Hants and W. Sussex £88.00. Feed wheat: N. Lincoln £86.60, Hants. and W. Sussex £84.70. Feed barley: N. Lincoln £76.50, Hants. and W. Sussex £78.50.

UK monetary co-efficient for week from Oct. 23 will be unchanged.

SUGAR

LONDON DAILY PRICE (raw sugar) Oct., Nov., Dec. £108.00 (same) a tonne cif for Oct.-Nov. shipment. White sugar daily price for Oct., Nov., Dec. was fixed at £114.50 (£113.50).

The market opened 50-75 points above kerb levels and as buyers pressed in a thin market, a further small advance was recorded. Later, however, New York prices completely failed to match up and losses of about 200 points quickly occurred. Some short-covering developed which enabled half the losses to be recovered by the close. C. Czarnikow reported.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec.	109.75-09.80	111.30-11.50	111.60-09.60
March	112.[illegible]-12.2	114.25-14.35	114.20-11.65
May	114.15-14.20	116.25-16.45	116.25-15.70
Aug.	116.2[illegible]-16.35	118.20-18.50	118.10-16.00
Oct.	119.35-19.50	120.75-21.25	120.25-18.25
Dec.	121.15-21.25	123.50-24.25	124.0
March	125.75-25.50	127.80-28.50	—

Sales: 3,943 (3,575) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £284.85 (same) a tonne for home trade and £170.50 (same) for export.

WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. 117.00, 119.00, 118.25, 117.75, 50; April 119.75, 120.00, 121.25, 120.00, 24; July 124.25, 124.50, 26.00, 124.75, 27; Sept. 127.75, 128.00, untraded; Nov. 131.50, 132.50, untraded; Feb. 136.50, 139.00, 140.00, 138.50, 40; April 142.50, 143.50, 144.25, one. Total sales: 251 lots (297).

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Prices for Oct. 18: Daily 8.78 (8.69); 15-day average 8.95 (8.94).

RUBBER

UNCHANGED opening on the London physical market. Good demand throughout the day, closing on a steady note. Lewis and Peat reported a Malaysian godown price of 250 (249) cents (buyer Nov.).

No. 1 R.S.S.	Previous Close	Yesterday's Close	Business Done
Nov.	60.35-60.70	59.70-59.80	60.75-60.20
Dec.	61.5-61.75	60.70-60.75	61.70-61.05
Jan-Mar	63.25-63.3	62.05-62.10	63.55-62.05
Apr-Jne	65.70-65.80	64.65-64.70	66.10-64.6
Jy-Sept	68.05-68.10	67.00-67.05	68.40-67.40
Oct-Dec	69.95-70.00	69.00-69.10	70.20-69.75
Jan-Mar	71.95-72.00	71.00-71.10	72.05-72.00
Apr-Jne	73.95-74.00	73.00-73.20	74.10-73.95
Jy-Sept	76.05-76.10	75.10-75.20	76.45-75.60

Sales: 40 (112) lots of five tonnes and 417 (646) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 60p (59.5) Nov. 61.25p (60.5); Dec. 62.25p (61.5).

SOYABEAN MEAL

The market opened 50p lower but soon traded £1 lower. Good trade buying then lifted values to close fully steady on the "highs." SNW Commodities reported.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
October	118.00-28.0	—	123.00
December	118.5-20.8	+0.6	120.60-19.10
February	121.8-21.0	+0.5	121.90-20.50
April	121.3-22.7	+0.7	122.50
June	123.50-25.5	+0.8	—
August	122.5-24.5	+0.35	—
October	125.0-25.5	+0.5	—

Sales: 86 (105) lots of 5 tonnes.

WOOL FUTURES

LONDON—Dull and featureless, Bache reported.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
October	224.0-28.0	—5.0	—
December	228.0-30.0	......	—
March	238.0-38.0	......	—
May	238.0-40.0	......	—
July	234.0-46.0	......	—
October	234.0-40.0	......	—
December	235.0-45.0	......	—
March	239.0-47.0	......	—

Sales: Nil (5) lots of 1,500 kg.

SYDNEY GREASY (in order buyer, seller, business, sales). Micron Contract—Oct. 337.5, 338.0, 340.5-337.5, 38; Dec. 346.0, 347.0, 347.0-344.6, 15; March 357.2, 357.3, 357.8-354.5, 17; May 360.5, 362.0, 360.0-360.0, 1; July 365.5, 367.0, 365.5-365.0, 4; Oct. 368.5, 369.0, 368.5-368.0, 9; Dec. 372.0, 373.5, 372.0-372.0, 3; March 373.0, 374.5, 373.5-372.7, 5. Total sales: 87 lots.

NEW ZEALAND CROSSBREDS—Close (all traded): Dec. 187.0, 190.0, March 188.0, 190.0, May 190.0, 192.0, July 190.0, 192.0, Oct. 193.0, 195.0, Dec. 198.0, 196.0, March 192.0, 197.0. Sales: Nil (same).

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 53.0 to 57.0. Eire hindquarters 60.0 to 63.0. Eire forequarters 35.0 to 38.0.

Veal: English fats 62.0 to 70.0, Dutch hinds and ends 82.0 to 87.0.

Lamb: English small 52.0 to 58.0, medium 52.0 to 56.0, heavy 48.0 to 52.0; Scotch medium 52.0 to 56.0, heavy 48.0 to 52.0.

Pork: English, under 100 lbs 37.0 to 46.0, 100-120 lbs 33.0 to 45.0, 120-160 lbs 36.0 to 43.0.

Grouse: Young best 180.0 to 220.0 each. Partridges: Young 200.0 to 240.0 each. Rabbits (skinned): English tame 66.0 to 68.0, Chinese 45.0 to 45.0, Australian 38.0 to 38.0.

MEAT COMMISSION—Average fatstock prices at representative markets on Oct. 19. GB cattle 67.05p per kg.l.w. (−0.23); UK sheep 131.1p per kg.est.d.c.w. (−3.5); GB pigs 66.6p per kg.l.w. (−0.9). England and Wales—Cattle numbers up 26.3 per cent, average price 66.41p (−0.05); Sheep down 19.8 per cent, average price 131.2p (−3.5); Pigs up 4.5 per cent, average price 66.6p (−0.8). Scotland—Cattle up 3.2 per cent, average price 68.90p (−0.20); Sheep up 210.3 per cent, average price 128.6p (+7.7).

COVENT GARDEN (Prices in sterling per package unless stated)—Imported produce: Lemons—Italian: 120/150s new crop 5.50-6.50; S. African 5.00-9.50; Cyprus: Trays 2.50-3.50; Jaffa: 3.50; Turkish: 3.50-6.00. Oranges—S. African: Valencies Late 4.30-5.45; Brazilian: Valencia Late 3.50; Argentine: 4.80-5.40; Uruguayan: 4.20-5.00. Satsumas—Spania: Trays 4.50-6.00. Grapefruit—Dominican: 3.60-4.80; Cyprus: 4.80; Cuban: 4.00-4.20; Israeli: Jaffa: 4.20-4.65. Apples—French: New crop Golden Delicious 20lb 72 2.00-2.20, 84 1.70-1.90; 40lb 3.80-4.30, Stark Crimson 20lb 84 2.00, 72 2.40, Granny Smith 138/175s boxes 40lb 3.60-4.50, Golden Delicious jumble pack 31lb 2.00-2.10. Pears—French: Alexandria 2.60; Per pound Italian: Williams 0.14-0.18. Grapes—Italian: Regina 2.00-2.20, Black Regina 2.60; Spanish: Almeria 3.50, Negri 2.90; French: Alphonse per pound 0.14. Bananas—Jamaican: Per pound 0.14. Avocados—Kenya: Fuerte 18/24s 4.00-4.50; S. African: Fuerte 4.00-4.50; Israeli: 4.50. Capsicums—Dutch: Per 5 kilos 3.60. Onions—Spanish: 2.60-3.20; Hungarian: 3.00. Melons—Spanish: Yellow 6/14 2.70-3.30, Green 3.00-3.20. Tomatoes—Dutch: 1.80; Jersey: 1.50-1.80; Spanish: 1.50-1.70; Guernsey: 1.60-1.80. Dates—Algerian: Per glove box 0.33-0.35. Pomegranates—Spanish: Per box 40/60s 3.50-3.80. Walnuts—French: Per pound Grenobles 0.40; Italian: Wet 0.40; Californian: 0.55; Chinese: 0.30. Brazils—LWM per pound 0.55.

English produce: Potatoes—Per 25 kilos 1.10-1.50. Lettuces—Per 12 round 0.50, Cos 1.00, Webbs 1.20. Cucumbers—Per tray 12/24s new crop 2.40-2.50. Mushrooms—Per pound 0.50-0.55. Apples—Per pound Bramley 0.05-0.09, Lord Derby 0.04-0.05, Cox's Orange Pippin 0.05-0.12, Worcester Pearmain 0.05-0.07, Russets 0.07-0.10. Pears—Conference 0.05-0.11. Plums—Per pound Bush 0.08, Marjorie's Seedling 0.17. Damsons—Per pound 0.15. Tomatoes—Per 12lb English 1.20-1.50. Cabbages—Per crate 0.80-0.90. Celery—Per head 0.07. Cauliflowers—Per 12 Lincoln 1.00-1.30. Beetroot—Per 28lb 0.60-0.70. Carrots—Per 28lb 0.50-0.70. Capsicums—Per pound 0.25-0.30. Courgettes—Per pound 0.18. Onions—Per bag 1.70-1.80. Swedes—Per 28lb 0.50. Turnips—Per 28lb 0.50. Parsnips—Per 28lb 0.90-1.00. Sprouts—Per pound 0.05-0.06. Cobnuts—Per pound Kent 0.40-0.45. Corn Cobs—Each 0.04-0.05.

Beet men warn of court action

PARIS, Oct. 19.

HE CONFEDERATION Generale THE Confédération Générale des Betteraviers, the French beet producers' association, said it is looking at taking legal action over the reduction last June of the EEC "B" sugar quota to 27.5 per cent from 35 per cent of the "A" quota.

It hopes to present its case to the European Court of Justice in Luxembourg.

The association said the quota hit France, as the Community's leading beet producer, hardest and contradicted EEC aims to encourage specialist production in efficient countries. Reuter

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Oct. 19 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (cif)	$1,[illegible]40	......	$1070/-0
Copper cash W Bar	£743	—4.5	£729.5
3 months do. do.	£764.25	—4.5	£748.75
Cash Cathode	£732	—4	£719
3 months do. do.	£753	—4.5	£[illegible]85
Gold Troy oz.	$226.625	—2.0	$251.875
Lead cash	£396	—3.0	£359.875
3 months	£381.75	—3.25	£365.[illegible]
Nickel		......	
Free Market cif/lb	$1.78 / 1.90	......	$1.73 / 1.92
Platinum troy oz.	£150	......	£130
Free Market	£171.75	—1.2	£136.9
Quicksilver (76lb.)	$120.25	......	$122.27
Silver troy oz.	297.6p	—2.2	286.1p
3 months	305.3p	—2.2	293.1p
Tin Cash	£7,655	—85.0	£7,100
3 months	£7,525	—27.5	£6,945
Tungsten (cif)	$141.35	—1.59	$141.06
Wolfram 22.04 cif.	$14[illegible]	......	$140.45
Zinc cash	£346.75	—1.25	£322.25
3 months	£357.5	+0.75	£372.25
Producers	$675	......	$625
Oils			
Coconut (Phil)	$830	......	$790
Groundnut		......	£748
Linseed Crude (v)	£326	......	£324
Palm Malayan	$610w	—5.0	$600
Seeds			
Copra Philip.	$545t	......	$535
Soyabean (U.S.)	$280w	—4.0	$286
Grains			
Barley			
Home Futures	£82.55	—0.6	£79.95
Maize			
French No. 3 Am	£102.5	......	£101
Wheat			
No. 1 Red Spring	£94.3	—0.25	£91.2
No. 2 Hard Winter	‡	......	£92
English Milling †	£91	......	£89.5
Cocoa shipment	£2,038	+65.0	£2,030
Future Mar.	£1,976.5	+32.0	£1,990.5
Coffee Future			
Jan.	£1,492	—51.0	£1,496.5
Cotton 'A' Index	74.4c	......	74.05
Rubber kilo	60p	+0.5	59.5p
Sugar (Raw)	£108	......	£103
Wooltops 64s kilo	275p	......	275p

*Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. s Oct.-Nov. t Nov.-Dec. u Nov. w Dec. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Oct. 19	Oct. 18	Month ago	Year ago
260.23	261.70	262.71	251.58

(Base: July 1, 1952=100)

REUTERS

Oct. 19	Oct. 18	Month ago	Year ago
1515.7	1518.2	1478.1	1485.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Oct. 19	Oct. 18	Month ago	Year ago
Spot	388.46	386.45	378.77	364.12
Futures	382.75	384.46	376.57	352.73

(Average 1924-25-26=100)

MOODY'S

Moody's	Oct. 19	Oct. 18	Month ago	Year ago
Spie Commty	975.2	977.2	946.4	842.6

(December 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.20, codlings £3.00-£4.00; large haddock £4.20-£5.00, medium haddock £3.40-£4.20, small haddock £2.30-£3.40; large plaice £4.00-£4.50, medium plaice £4.00-£4.50, best small plaice £3.60-£4.40; large skinned dogfish £7.00, medium skinned dogfish £6.00; large lemon soles £6.50, medium lemon soles £6.00; rockfish £2.40-£3.00; reds £2.50-£2.90; saithe £2.00-£2.90.

★

HIDES—Manchester. Generally higher, with complete clearance. Second clear. Ox 31-35½ kilos 61.2p per kilo; 26-30½ kilos 69p; 22-25½ kilos 79.4p. Light cows 79p.

U.S. Markets

NEW YORK, Oct. 19.

Cocoa—Dec. 170.75 (169.55), March 169.75 (169.00), May 168.75, July 167.45, Sept. 166.00, Dec. 162.95. Sales: 1,108 lots.

Coffee—"C" Contract: Dec. 145.50-148.80 (154.25), March 141.06 asked (145.06), May 137.29 asked, July 133.25 asked, Sept. 131.00, Dec. 126.00 asked, March 123.00-126.00. Sales: 925 lots.

Copper—Oct. 65.90 (66.40), Nov. 66.20 (66.70), Dec. 66.75, Jan. 67.30, March 65.50, May 69.55, July 70.50, Sept. 71.35, Dec. 72.40, Jan. 72.80, March 73.55, May 74.30, July 75.05. Sales. 5,400 lots.

Cotton—No. 2: Dec. 67.75-67.82 (68.17), March 70.10-70.15 (70.57), May 71.25-71.35, July 71.45-71.50, Oct. 67.50-67.75, Dec. 66.95-67.00, March 67.50-66.00. Sales: 4,550 bales.

*Gold—Oct. 225.40 (228.60), Nov. 226.10 (229.30), Dec. 227.70, Feb. 231.40, April 235.10, June 238.90, Aug. 242.70, Oct. 246.50, Dec. 250.50, Feb. 254.50, April 258.70, June 262.90, Aug. 267.20. Sales: 20,000 lots.

†Lard—Chicago loose unavailable (24.00). NY prime steam 26.00 traded (25.50 traded).

‡Maize—Dec. 226½-226½ (227½), March 236-236½ (237½), May 243-243½, July 247, Sept. 250, Dec. 255½.

§Platinum—Jan. 341.50-344.50 (344.70), April 343.60-342.50 (345.30), July 345.00, Oct. 345.40-345.60, Jan. 351.40-351.60, April 354.00-354.20. Sales: 2,650 lots.

¶Silver—Oct. 585.00 (589.60), Nov. 585.50 (592.50), Dec. 589.50, Jan. 593.60, March 601.70, May 609.90, July 618.40, Sept. 627.10, Dec. 640.90, Jan. 645.40, March 654.80, May 664.30, July 673.90. Sales: 13,000 lots. Handy and Harman bullion spot 588.00 (593.50).

Soyabeans—Nov. 677-675½ (677½), Jan. 685½-684½ (685½), March 694-693, May 698-699, July 697½-698½, Aug. 691½, Sept. 673-672, Nov. 663.

‖Soyabean Meal—Oct. 178.00-179.00 (179.30), Dec. 182.50-181.80 (183.10), Jan. 183.00-183.10, March 184.00, May 184.00-184.50, July 184.50-184.70, Aug. 183.50-184.00, Sept. 181.50-182.00, Oct. 181.00-180.50.

Soyabean Oil—Oct. 25.65-25.75 (26.03), Dec. 25.75-25.80 (25.73), Jan. 25.55-25.60, March 25.30-25.35, May 25.20-25.15, July 24.95, Aug. 24.70-24.65, Sept. 24.10-24.20, Oct. 23.70-23.60.

Sugar—No. 11: Jan. 8.65 (8.72), March 8.87-8.89 (8.88), May 9.05-9.07, July 9.23, Sept. 9.34-9.35, Oct. 9.45, Jan. 9.65 bid, March 9.75-10.36. Sales: 7,000 lots.

Tin—710-730 nom. (719-740 nom.).

**Wheat—Dec. 345½-347 (349½), March 342½-343 (346½), May 335½-335½, July 324½-324, Sept. 327½, Dec. 334 nom.

WINNIPEG, Oct. 19. ¶¶Rye—Oct. 99.50 bid (99.50 bid), Nov. 103.00 asked (103.00 asked), Dec. 101.50 bid, May 106.80 bid, July 107.20.

††Oats—Oct. 78.50 bid (76.90 asked), Dec. 77.50 (77.00 asked), March 73.30 bid, May 73.10 bid, July 74.30 asked.

‡‡Barley—Oct. 72.00 bid (71.00), Dec. 73.40 bid (72.90), March 73.40 asked, May 73.30 asked, July 73.60 asked.

§§Flaxseed—Oct. 269.50 bid (266.30 bid), Nov. 265.70 asked (266.00 nom.), Dec. 264.00 asked, May 265.00 bid, July 265.10 asked.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 177.99 (176.49).

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 34 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

TAIWAN TO BUY INDIAN IRON ORE

NEW DELHI, Oct. 19.

Taiwan is to buy 500,000 tonnes of high grade iron ore from India each year for five years, an official of the Taiwan delegation which signed the agreement said here.

Shipment of the ore would start shortly, he added. Reuter

STOCK EXCHANGE REPORT

Slow markets await guidance on pay and economy

Namibia compromise stimulates South African Golds

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Interest yesterday in lacklustre stock markets centred on the South African sector. This was in response to the announcement of a compromise under which South Africa will proceed with its own elections in Namibia while renewing negotiations for United Nations-supervised elections in the territory next year.

Prior to the news, the gold producers were easier in spite of higher rates for investment currency. Afterwards they recovered fairly sharply and heavyweight issues closed with gains of a point; the FT Gold Mines index rallied 6.6 to 157.8. Most Minings Finance Houses performed similarly along with industrial concerns domiciled in South Africa.

Meanwhile, UK equities passed another lethargic session on continuing doubts about the outlook for the economy, and particularly for the Government's pay policy. Measuring the overall market performance, the FT Industrial Ordinary share index fluctuated within a mere 2.3 points, being 0.9 lower at 11 a.m. and 1.4 higher at 3 p.m., before closing a point up on balance at 495.6.

Among the index constituents, Beecham were affected by a U.S.-inspired bear raid following a report that price cuts there in the drug Amoxycillin would have a detrimental impact on the group's profits; a spokesman for the company pointed out that price reductions were part of normal commercial practice in the pharmaceutical field.

A moderate business in Gilt-edged securities made no impression on the longs but brought a slightly easier trend in the shorts. The latest money supply figures initially aroused little interest but after the official close a revived demand transformed the losses into marginal gains.

Revived institutional interest triggered a big trade in investment currency and the rate jumped to 81¾ per cent prior to settling at 80½ per cent for a rise on balance at 3¼ points. A pent-up demand appeared to find supplies rather short after the recent easiness. Yesterday's SE conversion factor was 0.7260 (0.7339).

Activity in the Traded Option market was at an extremely low ebb and the number of contracts fell away to 354. Reflecting the upward movement in South African issues, **Consolidated Gold** were the most active stock with 93 trades.

Banks rarely moved more than a penny or two from the opening levels, but **Midland** firmed 3 to 350p; the anouncement of the bank's intention to change its tariff came well after the close of trade. Among Overseas issues, **Hong Kong Banking** reflected currency influences with an improvement of 7 to 297p. Hire Purchases made further progress; **London Scottish Finance** rose 3 for a two-day gain of 8 to 52p on the substantially improved earnings and capital proposal, while **F.C. Finance** put on 5 to 78p in a thin market following the chairman's interim statement. **Sun Alliance**, 6 cheaper at 534p, provided the sole noteworthy movement in idle Insurances.

Distillery issues edged higher in light trading with **Distillers** closing 2 harder at 199p and **Irish** 3 better at 183p, while small speculative interest in a restricted market lifted **Geo. Sandeman** 5 to 67p.

Contracting and Construction issues receded a few pence on occasional selling and lack of interest. Ahead of today's interim statements, **Helical Bar**, 34p, and **Pochins**, 151p, both added a penny. Small buying in a thin market lifted **Modern Engineers of Bristol** 2 to 50p.

ICI marked time at 388p after a small turnover. Recent-newcomer **Croda** deferred attracted fair amount of interest and added 1½ at 33½p; the ordinary shares eased ½ to 60p. The announcement of profits at the higher end of market estimates, was more than offset by the Board's pessimistic statement which left **Alginate** 5 down at a 1978 low of 240p.

Midland Ed. up again

Having rejected the respective bids from Pentos and Lonsdale Universal, **Midland Education** followed up Wednesday's jump of 16 with an advance of 17 to 263p on hopes that the latest offer, from Alfred Preedy and currently worth 235½p per share, will be bettered. Midland stood at 120p prior to the first bid, from Pentos, on September 12. Quiet conditions prevailed in leading Stores where improvements ranged to a penny or so, but comment on the interim results left **British Home** 3 easier at 209p. **Burton A** encountered further speculative support and added a couple of pence to 173p. Elsewhere, continued small buying in a thin market left **Moss Bros.** 2 higher at 134p, while **Amalgamated** hardened 1½ to 11¼p. Lower interim profits clipped 4 from **House of Lerose** at 63p. **Time Products** were quoted at 192p, down 6, ex the rights issue; the new nil paid opened and closed at 38p premium after touching 40p premium in a reasonable trade.

GEC figured prominently in Electricals, closing 5 better at 323p following the announcement by the Post Office that approval has been given for the manufacture and supply of the first two System X electronic exchanges in the UK. **George H. Scholes** responded to Press comment with a rise of 15 to 290p in a restricted market, while other firm spots included **Crelion**, 1½ harder at 15½p, and **Eurotherm**, 8 to the good at 188p.

Hawker Siddeley moved up 8 to 244p in response to the better-than-expected half-yearly results, but little else worthy of mention developed in the Engineering majors. Among secondary issues, **Birmingham Mint** encountered further profit-taking and reacted 8 more to 126p, but the increased interim dividend and profits prompted firmness in **United Engineering**, 3 to the good at 74p. **Adwest Group** eased 3 to 305p, while **R. Cartwright**, a firm market of late, reacted 2 to 78p. **Ratcliffe Industries** encountered support at 82p, up 4p, and in smaller-priced issues, **Brooke Tool** firmed 2 to 44p.

Foods spent another quiet session. Small selling clipped 4 from **Alpine Soft Drinks** at 156p, while **Associated Biscuit**, 76p, and **J. Sainsbury**, 225p, eased 2 and 3 respectively. **Unigate** gave up a penny at 73p following the critical response of the Dairy Trade Federation to the 1p a pint increase in the price of milk scheduled for November 5. **Sidney Banks** hardened a penny to 76p in front of today's preliminary figures. Hotels and Caterers were noteworthy only for an improvement of 3 to 171p in **De Vere** on the satisfactory nine-months' figures.

FT-Actuaries indices

An error in the FT-Actuaries Chemicals sub-section index on Monday to Wednesday inclusive resulted in slightly over-stated figures for the four parent group indices over the same three days.

The corrected index numbers for Chemicals, Other Groups, Industrial Group, 500 and All-share indices are published in today's display.

Beecham sold

Beecham opened lower at 688p following overnight selling from the U.S. prompted by the company's recent price reduction of its Amoxycillin drug and fell away further to 668p before settling at 675p for a loss of 13 on the day: a spokesman for the company stated that the price reduction of the drug resulted partly from the appearance of unlicensed competition, but was also part of a natural pricing adjustment.

Little of interest developed in the other miscellaneous Industrial leaders. Elsewhere, **Dunbee-Combex** became a late weak feature, falling 18¾ to 101½p, after 100p, on the half-yearly trading loss, while a sharp fall in interim profits left **Eastern Produce** 6 lower at 89p. On the other hand, **Sandhurst Marketing** responded to the preliminary results and proposed one-for-two scrip issue with a rise of 3 to 43p. Buyers showed interest in **Holt Lloyd**, up 4 at 167p, while **Redfearn Glass** firmed 5 to 288p and **Waterford** 3 to 58p. Scattered demand lifted **British Vita** 3 to 118p, but **Powell Duffryn** came on offer at 195p, down 6.

Norton and Wright improved 7 to 232p following the annual general meeting. Small selling clipped 4 from **Pleasurama** at 70p, while **Management Agency and Music**, firm recently on bid hopes, shed 1½ to 93p.

Motor issues were rarely altered after an extremely quiet trade. Still reflecting the lower half-yearly profits, **Zenith Carburetter** eased another 2 to 82p. Further speculative buying pushed **Pennine Motor** up 2 more to 15p, but **Tate of Leeds** remained on offer and reacted 2 to 71p.

Corn Exchange jumped 73 to 255p on the news of an approach that may lead to an offer for the company. Other secondary Property issues ended with scattered firm spots. **Daejan** stood out at 115p, up 7, and **Control Securities** added 2 more at 42p, while **Property Security Investment** improved 4 at 116p. **Warnford Investments** firmed 7 to 347p in late dealings. **London Shop Property** put on 2 to 79p in response to the annual results. The leaders traded quietly and closed little changed. **Stock Conversion** held at 288p; the rise shown in yesterday's issue was in error.

BP ease late

Quiet conditions persisted in the Oil sector. **British Petroleum** held steady to firm until the late trading when U.S. selling prompted a modest reaction of 4 to 900p. **Shell** closed a few pence harder at 572p, after 574p, while **Royal Dutch** finished ½ dearer at £44 on dollar premium influences. Among the more speculative issues, **Lasmo** encountered scatter selling at 144p, down 4, with the **OPS** 5 lower at 370p.

Overseas Traders had **Sime Darby** 6 better at 109p despite the continuing controvery over the company's decision to change its auditors.

Investment Trusts closed with the occasional modest fall. Overseas issues sometimes moved higher on dollar-premium influences with **FUGIT** finishing 3 better at 48p. In Financials, **Dalgety** edged forward 5 to 314p following the chairman's annual statement.

A Press suggestion that Mr. Gilbert Common might be in the process of acquiring British and Commonwealth's 16 per cent shareholding directed renewed attention to **Common Bros.** which moved up to 185p briefly before closing a net 6 up at 172p. Elsewhere in Shippings, **Lofs** attracted a good business and finished 1 harder at 37½p.

In Textiles, **Dawson International** issues closed 2 cheaper at the common price of 207p, with **Wm. Baird** hardening a penny to 182p making the offer for Dawson worth 201p per share; **J. Haggas** firmed 4 to 151p.

Following Wednesday's sharp reversal on currency influences and political uncertainty, South African Industrials staged a modest recovery following news of the compromise achieved by the recent talks aimed at resolving the Namibia crisis. **Abercom Investments** rallied 11 to 100p, while **Greatermans A**, 150p, and **O.K. Bazaars**, 390p, put on 15 and 20 respectively.

Plantations had the occasional firm spot on dollar-premium influences. Gains of around 5 were seen in **Highlands**, 116p, and **Kuala Lumpur Kepong**, 75p, but light profit-taking following the recent speculative advance left **Sungei Krian** 6 cheaper at 87p.

Golds rebound

Mining markets enjoyed a good day with all sections moving ahead strongly buoyed by the considerable rise in the investment currency premium.

South African issues registered the sharpest gains as the shadow of the Namibian political crisis was *lifted following* news that that the five Western nations had reached a compromise agreement with South Africa.

After being marked down initially in the face of enormous selling, Golds reacted swiftly to the Namibian news with Cape and Continental buying producing hefty gains throughout the list.

Towards the close and in the after-hours' business, modest American selling followed the sharp recovery in the dollar and pared gains by about ½ in the heavyweights and 10p in the cheaper-priced issues.

Nevertheless, earlier improvements were sufficint to lift the Gold Mines index 6.6 to 157.8. Heavyweights were left with gains of up to £1¼ as in **Randfontein**, £31⅝, while **Western Holdings** closed a point firmer at £20½; the latter's final dividend, along with those of the Anglo group's Orange Free State producers, was announced after market hours.

South African Financials mirrored the trend in Golds. **De Beers** surged to 406p prior to easing back to 398p, a net gain of 12, while **Anglo American Corporation** were finally the same amount higher at 350p, after 354p.

London-registered Financials attracted a good investment demand with **Gold Fields** 6 firmer at 180p, after 182p, and **Rio Tinto-Zinc** 5 harder at 260p.

After improving in line with other South Africans, Platinums were given an additional fillip by Impala's increase in its producer price from $250 to $280. **Bishopsgate Platinum** rose 7 to 108p and **Rustenburg** 9 to 112p. Australians gained ground reflecting the higher investment premium, as did Tins.

Elsewhere, the Northgate group companies all advanced strongly following reports that **Westfield Minerals** had found encouraging uranium values in sandstone fragments in the vicinity of the upper Humber River in Newfoundland. Westfield themselves surged 30 to 160p after being suspended at 130p in overnight Canadian markets, while **Anglo United** jumped 22 to 242p and **Northgate Exploration** 40 to 405p.

FINANCIAL TIMES STOCK INDICES

—	Oct. 19	Oct. 18	Oct. 17	Oct. 16	Oct. 13	Oct. 12	A year ago
Government Secs.	69.21	69.25	69.04	68.79	69.06	69.55	77.48
Fixed Interest	70.83	70.95	70.88	70.80	71.42	71.71	79.25
Industrial	495.6	494.6	498.5	494.6	496.2	505.8	516.9
Gold Mines	157.8	151.2	155.5	163.7	160.4	167.1	169.3
Ord. Div. Yield	5.45	5.45	5.41	5.44	5.42	5.35	5.25
Earnings Y'ld% (full)(*)	15.16	15.13	15.01	15.09	15.04	14.79	15.61
P/E Ratio (net) (*†)	8.74	8.74	8.81	8.75	8.80	8.95	9.17
Dealings marked	4,226	4,219	4,582	5,133	4,940	4,353	6,503
Equity turnover £m	—	76.43	69.81	69.05	90.71	75.96	80.56
Equity bargains total	—	14,237	14,998	16,512	16,475	14,135	16,545

10 am 494.5. 11 am 493.7. Noon 494.2. 1 pm 495.7. 2 pm 495.8. 3 pm 496.0.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.51.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 19	Oct. 18
—Daily		
Gilt-Edged	152.2	154.4
Industries	142.1	141.1
Speculative	52.2	43.4
Totals	96.2	96.0
5-day Average		
Gilt-Edged	162.4	160.4
Industrials	157.9	159.4
Speculative	44.2	44.1
Totals	105.2	106.7

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20

For rate indications see end of Share Information Service

Stocks favoured for the call were **English Property, Bernard Matthews, Cadbury Schweppes, Grand Metropolitan, Associated Book Publishers, Consolidated Gold Fields, Electronic Machines, GEC and Rustenburg**. A put was done in **MEPC**, while doubles were arranged in **Premier Consolidated Oil, Atlantic Assets, Mersey Docks** and **Louis C. Edwards**.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	900	10	1	58	15	86	—	905p
Com Union	130	—	—	17	12	20	—	139p
Com Union	140	3	2	10	22	15	5	
Cons Gold	160	21	6	32	21	38	—	181p
Cons Gold	180	4	28	15	17	24	4	
Cons Gold	200	½	—	6	7	15	10	
Courtaulds	100	22	2	25	—	—	—	120p
Courtaulds	120	3	4	7½	—	13½	2	
GEC	280	43	2	65	—	60	—	323p
GEC	300	23	6	37	—	46	—	
GEC	330	1½	—	18	—	28	2	
GEC	360	½	—	8	15	16	6	
Grand Met	110	1½	59	9	4	12	—	110p
Grand Met.	120	¼	—	5	—	8	8	
ICI	360	30	—	41	—	48	5	388p
Land Secs.	220	10	2	20	—	25	—	230p
Land Secs.	240	½	—	9½	15	15	—	
Marks & Sp.	60	27	—	28	1	31	—	87p
Marks & Sp.	80	7	5	12	—	14½	—	
Marks & Sp.	90	¾	—	5½	10	8½	5	
Totals			95		137		43	

Option	Ex'rcise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.	Equity close
Boots	220	1½	10	7½	—	13½	—	200p
Boots	260	½	—	1½	50	3½	—	
EMI	140	21	—	25	5	30	—	158p
EMI	160	7	3	12	—	19	—	
RTZ	260	14	—	21	10	32	—	259p
RTZ	280	4	—	14	—	21	1	
Totals			13		65	—	1	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (32)

COMMONWLTH. & AFRICAN LOANS (1)
N.Z. 4pc '76-78

BANKS (2)
Brown Shipley — Lon. & Scot. Finance

BEERS (1)
Irish Distillers

BUILDINGS (1)
Manders

CHEMICALS (1)
Hoechst

STORES (2)
Fairdale Textiles — Midland Educational

ELECTRICALS (1)
Jones Stroud

ENGINEERING (3)
Clayton, Son — United Eng.
Ratcliffe Inds.

INDUSTRIALS (4)
Denbyware — Sandhurst Marketing
Kleen-E-Ze — United Guarantee

LEISURE (1)
Horizon

MOTORS (1)
Pennine Motor

PROPERTY (4)
City Offices — Warnford Inv.
Control Secs. — Corn Exchange

SHOES (1)
Stylo Shoes

TEXTILES (4)
Beales (J.) — Reliance Knitwear
Cawdaw Ind. — Shaw Carpets

TRUSTS (1)
Dalgety

OVERSEAS TRADERS (1)
Boustead

TEAS (1)
Assam Dooars

MINES (2)
Geevor — Hongkong Tin

NEW LOWS (12)

CORPORATION LOANS (2)
Birmingham 9¼pc '79-81
G.L.C. 12½pc 1983

BUILDINGS (1)
Jennings

CHEMICALS (1)
Alginate Inds.

ENGINEERING (2)
Jones Group — Sykes (Henry)

INDUSTRIALS (1)
Dunbee-Combex

MOTORS (1)
Zenith A

TRUSTS (4)
Icofund (£) — Progressive Secs. Inv.
M & G 2nd Dual Inc. — Edinburgh Ind.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	16	5	55
Corpns., Dom. and Foreign Bonds	6	4	50
Industrials	232	296	1,004
Financial and Prop.	63	138	320
Oils	2	8	20
Plantation	10	6	15
Mines	96	5	39
Recent Issues	7	10	22
Totals	438	466	1,525

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
GEC	25p	10	323	+5	340	233
Shell Transport	25p	10	572	+2	602	484
BP	£1	8	900	−4	926	720
ICI	£1	8	388	—	421	328
RTZ	25p	7	260	+5	263	164
Beecham	25p	6	675	−13	743	583
De Beers Defd.	R0.05	6	398	+12	488	285
EMI	50p	6	158	—	190	130
Land Secs.	50p	6	220	—	250	190
Rank Org.	25p	6	251	−1	296	226
Royal Insurance	25p	6	345	—	425	343
Allied Breweries	25p	5	84½	+½	94	78
BAT Inds.	25p	5	288	—	346	267
Dubilier	5p	5	26½	+½	26½	14½
GKN	£1	5	268	+2	298	246

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
775	F.P.	[illegible]	[illegible]	[illegible]	British Aluminium New	830	[illegible]	[illegible]	[illegible]	9.0	3.6
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Ferranti New	378	[illegible]	[illegible]	[illegible]	2.5	10.0
101	F.P.	[illegible]	[illegible]	[illegible]	Do. Nil Paid	[illegible]	[illegible]	[illegible]	[illegible]	2.3	9.9
101	F.P.	[illegible]	[illegible]	[illegible]	Mangal Nat. Grp. Stores	[illegible]	[illegible]	[illegible]	[illegible]	10.0	11.1
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rugbiwise	[illegible]	[illegible]	[illegible]	[illegible]	—	4.8

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Aarousun Bros.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Asbury & Madeley	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	B.I.E.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Barlow Rand	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Blackwood Hodge	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	British Printing	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Chubb	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Dalgety	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Howden Group	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Initial Services	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Kunick Holdings	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Lex Service	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Lon. & Midland Ind.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Pawson (W.L.)	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rainers (Jewellers)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Time Products	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., Oct. 19, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Oct. 18 Index No.	Tues., Oct. 17 Index No.	Mon., Oct. 16 Index No.	Fri., Oct. 13 Index No.
1	CAPITAL GOODS (171)	240.76	+0.4	16.06	5.20	8.56	239.84	240.21	239.21	241.02
2	Building Materials (27)	207.97	−0.4	16.91	5.45	8.15	208.87	208.50	206.51	208.51
3	Contracting, Construction (28)	370.36	−0.9	18.73	4.28	7.76	373.56	371.01	369.70	374.07
4	Electricals (14)	558.54	+1.1	12.99	3.32	10.64	552.43	558.52	557.95	560.24
5	Engineering Contractors (14)	378.43	−0.4	17.55	5.75	7.72	379.82	375.65	373.55	376.67
6	Mechanical Engineering (72)	190.81	+0.9	17.37	5.74	7.70	189.07	189.32	188.56	190.24
8	Metals and Metal Forming (16)	168.04	+0.1	15.90	8.47	8.72	167.93	167.64	167.01	167.90
11	CONSUMER GOODS (DURABLE) (53)	213.87	−0.1	16.06	4.96	8.70	214.15	214.08	213.42	215.44
12	Lt. Electronics, Radio, TV (16)	262.76	−0.1	14.01	3.89	10.01	263.09	262.68	261.33	264.38
13	Household Goods (12)	184.92	−0.1	16.11	6.13	8.55	185.12	184.96	185.70	187.36
14	Motors and Distributors (25)	127.59	−0.1	19.46	6.49	7.16	127.77	128.02	127.85	128.60
21	CONSUMER GOODS (NON-DURABLE) (172)	213.56	+0.1	15.56	5.82	8.65	213.37	214.14	211.63	213.73
22	Breweries (14)	229.89	+0.1	14.62	6.20	9.41	228.89	229.45	227.05	229.56
23	Wines and Spirits (6)	280.17	+0.9	15.19	5.13	9.82	277.75	278.84	276.57	280.67
24	Entertainment, Catering (17)	268.05	+0.3	13.58	6.51	10.74	267.19	268.14	265.84	267.50
25	Food Manufacturing (19)	207.53	−0.2	18.65	5.26	7.10	207.97	208.30	207.20	208.06
26	Food Retailing (15)	227.78	−1.1	13.24	4.52	10.51	230.20	229.12	226.92	228.28
32	Newspapers, Publishing (12)	392.83	+0.1	19.46	6.16	7.21	392.27	393.01	393.23	395.90
33	Packaging and Paper (15)	145.33	−0.2	17.73	7.37	7.43	145.60	145.62	144.86	146.66
34	Stores (40)	202.51	+0.5	11.25	4.65	12.92	201.49	203.13	198.98	200.09
35	Textiles (25)	184.03	+0.1	18.09	7.90	7.17	183.90	184.44	183.55	184.72
36	Tobaccos (3)	235.32	—	23.39	7.97	5.06	235.42	236.32	236.32	240.39
37	Toys and Games (6)	106.57	−4.5	21.27	6.03	5.50	111.64	111.17	111.34	114.07
41	OTHER GROUPS (99)	206.25	−0.6	15.20	5.90	8.48	207.47	208.27	206.88	208.65
42	Chemicals (19)	292.70	—	15.66	6.46	8.30	292.66	294.99	292.43	294.16
43	Pharmaceutical Products (7)	263.44	−1.2	10.81	3.93	11.34	266.73	268.53	266.68	267.57
44	Office Equipment (6)	133.35	−0.4	18.22	5.70	6.54	133.90	134.96	136.04	135.97
45	Shipping (10)	424.28	+0.2	14.65	7.21	8.72	423.43	422.47	417.48	417.93
46	Miscellaneous (57)	221.54	−1.0	16.97	6.36	7.84	223.75	223.36	221.91	225.82
49	INDUSTRIAL GROUP (495)	225.59	—	15.64	5.62	8.59	225.63	226.28	224.49	226.49
51	Oils (5)	507.95	−0.1	13.76	3.96	7.89	508.34	510.53	511.72	514.30
59	500 SHARE INDEX	249.21	—	15.36	5.37	8.48	249.29	250.05	248.46	250.53
61	FINANCIAL GROUP (100)	164.28	—	—	5.92	—	164.33	164.36	163.08	164.78
62	Banks (6)	187.55	+0.5	24.93	6.25	6.02	186.56	187.20	185.07	186.27
63	Discount Houses (10)	205.51	−0.2	—	8.42	—	206.00	206.55	206.55	207.66
64	Hire Purchase (5)	155.23	−0.1	15.69	5.31	8.41	155.40	153.78	151.98	152.62
65	Insurance (Life) (10)	130.60	[illegible]	—	7.20	—	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	120.28	−0.7	—	7.29	—	121.17	121.12	119.91	[illegible]
67	Insurance Brokers (10)	330.72	+0.1	14.35	5.01	9.37	330.34	328.64	[illegible]	[illegible]
68	Merchant Banks (14)	81.09	+0.3	—	6.05	—	80.81	80.57	81.35	[illegible]
69	Property (31)	257.50	−0.2	3.35	2.85	51.26	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	109.13	+0.3	23.14	7.68	5.60	108.69	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	218.93	−0.2	3.18	4.75	31.43	219.46	219.56	220.33	222.07
81	Mining Finance (4)	111.39	+2.8	16.39	6.39	7.44	108.50	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	325.31	+0.6	15.25	7.07	8.23	324.03	322.85	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	227.33	—	—	5.49	—	227.30	227.89	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Oct. 19	Day's change %	xd adj. Today	xd adj. 1978 to date
1	Under 5 years	103.49	+0.08	[illegible]	7.99
2	5-15 years	113.60	[illegible]	—	7.61
3	Over 15 years	117.02	[illegible]	—	8.63
4	Irredeemables	125.67	[illegible]	—	9.02
5	All stocks	110.70	+0.03	[illegible]	9.47

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Thurs., Oct. 19	Wed., Oct. 18
1	Low Coupons	5 years	9.21	9.20
2		15 years	11.18	11.18
3		25 years	11.48	[illegible]
4	Medium Coupons	5 years	12.22	12.22
5		15 years	12.43	12.41
6		25 years	12.43	12.41
7	High Coupons	5 years	12.25	12.27
8		15 years	13.21	13.19
9		25 years	13.18	13.16
10	Irredeemables		11.80	11.80

		Thurs., Oct. 19 Index No.	Yield %	Wed. Oct. 18	Tues. Oct. 17	Monday Oct. 16	Friday Oct. 13	Thurs. Oct. 12	Wed. Oct. 11
15	20-yr. Red. Deb & Loans (15)	56.66	13.10	56.66	56.68	56.70	57.26	57.24	57.65
16	Investment Trust Prefs. (15)	51.25	13.62	51.25	51.25	51.25	51.25	51.25	51.25
17	Coml. and Indl. Prefs. (20)	72.02	13.03	72.02	72.00	71.73	71.65	71.60	71.40

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Oct. 16	38.9	40.9	.....	5.40
Exempt Oct. 2	100.5	104.5	.....	5.35

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333.

MLA Units	46.3	48.7	..	3.70

Murray Johnstone U.T. Mgmt.♥ (a)
163 Hope Street, Glasgow, G2 2UH 041-221 5521

MJ European	82.8	88.2	.....	2.73

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	52.1	55.5	-0.5	6.30
Mutual Inc. Tst.	70.8	76.0	-0.3	7.10
Mutual Blue Chip	44.0	47.5	-0.2	6.62
Mutual High Yld.	60.0	64.3	-1.0	8.46

National and Commercial
31, St. Andrew Square, Edinburgh 031-556 9151

Income Oct. 18	161.4	167.4	.....	5.64
(Accum. Units)	221.2	229.4	.....	5.64
Capt. Oct. 18	129.6	134.2	.....	3.87
(Accum. Units)	158.6	164.4	.....	3.87

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH 01-623 4200

N.P.I. Gth. Un. Tst.	47.2	50.3	.....	4.60
(Accum. Units)**	57.7	61.4	.....	4.60
NPI O'seas Trust	133.7	141.5	.....	2.25
(Accum. Units)**	143.6	152.0	.....	2.25

**Prices on Sept. 28. Next dealing Oct. 26.
*Prices on Oct. 18. Next dealing Nov. 1.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	67.1	72.1	-0.1	4.25
Extra Inc.	69.6	74.8	-0.2	7.63
Financial	34.2	36.7	-0.1	5.50
Growth Inv.	88.0	94.6	-0.2	5.07

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, E.C.2. 01-247 6533

Prolific Units	88.0	94.3	-0.1	3.19
High Income	125.9	134.9	-0.2	7.12

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH 01-405 9222

Prudential	130.0	138.0	-1.0	4.59

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP 01-600 4177

Quadrant Gen. Fd.	111.2	115.9	.....	4.89
Quadrant Income	134.7	138.9	.....	7.60

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	70.5	75.4	.....	5.47
Sekforde T. (Acc.)	46.3	49.5	-0.1	5.59
Sekforde T. Inc.	44.2	47.3	-0.1	5.59

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061 236 8521

Ridgefield Int. U.T.	101.0	108.0	..	2.63
Ridgefield Income	97	104.0	..	9.04

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury 0296 5941

N.C. Equity Fund	172.1	183.0	-0.5	3.28
N.C. Engy. Res. Tst.	110.3	117.3	-1.1	2.57
N.C. Income Fund	154.3	164.1	.....	7.10
N.C. Intl. Fd. (Inc.)	85.4	90.8	-0.2	1.46
N.C. Intl. Fd. (Acc.)	86.5	92.0	-0.2	1.46
N.C. Smllr Coys Fd.	150.0	160.1	-0.1	4.51

Rothschild & Lowndes Mgmt. (a)
St. Swithins Lane, Ldn., EC4. 01-626 4356

New Ct. Exempt	£129.0	137.0	.....	3.57

Prices on October 16. Next dealing November 15.

Rowan Unit Trust Mngt. Ltd.♥ (a)

CORAL INDEX: Close 493-498

INSURANCE BASE RATES

†Property Growth 10¼%
†Vanbrugh Guaranteed 10.25%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	191.0	204.0	.....	---

As at Sept. 29. Next sub. day Oct. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$383.70		2.00
Jardine J'pn. Fd.*	HK$418.33	+5.72	0.80
Jardine S.E.A.	SUS19.98	-0.24	1.80
Jardine Flem. Int.	HK$12.48		---
Intl. Pac. Secs. (Inc.)	HK$15.09	+0.34	---
Do. (Accum.)	HK$15.24	+0.34	---

NAV Oct. 16. *Equivalent SUS87.21.
Next sub. Oct. 13.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Sept. 28	SUS13.93	14.29	.....	---
CMT Ltd. Sept. 28	£14.39	14.76	.....	---
Metals Tst. Sept. 21	£12.38	12.66	.....	---
TMT Oct. 13	SUS11.39	11.60	.....	---
TMT Ltd. Oct. 13	£11.11	11.40	.....	---

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	SUS16.40	-0.06	---

NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
41	33	Do. 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	£3.09
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	52	......	3½	£6.94
51	46	Do 6pc 28 Stab. Ass.	50	......	6	£6.07
44	40	Do 4pc Mixed Ass.	42	......	4	£4.83

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	50	......	4½	5.63
77	65	Iceland 6½pc '83-88	68	......	—	12.55
88	82¼	Ireland 7½pc '81-83	83½	–1	7½	12.82
91	78	Do 9⅝pc '91-96	78	–½	—	13.14
425	265	Japan 4pc '10 Ass.	385	......	—	—
87	68½	Do 6pc '83-88	70	......	6	11.25
160	140	Peru Ass. 3pc	150xd	......	3	2.00
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM91	DM88	Turin 6½pc 1984	DM91	......	6½	9.10
97	94	Uruguay 3½pc	97	......	3½	3.60

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 35⅞% (based on US$1.9895 per £)
Conversion factor 0.7260 (0.7339)

CANADIANS

S.E. List Premium 35⅞% (based on $2.3536 per £)

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هكذا من الأصل

INDUSTRIALS—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
177	119½	Hill Leslie Int. 10p	167xd	+4	†7.11	2.6	6.4	12.1
390	272	Hoover 'A'	290		15.04	2.6	7.7	9.9
189	122	Hoskins & H 20p	172		†6.25	2.6	4.6	16.2
38½	25	Howard Tenens	26½	-½	1.91	1.9	10.8	6.1
378	183	Hunting Assoc.	325xd	-5	†2.99	9.2	1.4	11.9
187	82	Huntleigh 10p	176		†2.39	7.0	2.0	10.7
118	49	Hutch Whamp.	92	+3	†Q20c	2.3	2.6	19.0
28½	11½	Hyman (I.&J.) 5p	27½xd		h0.97	3.9	5.2	7.5
£24½	£14½	I.C. Industries	£17¾	-½	Q$1.52	—	4.6	—
487	206	ICL £1	463	-2	†7.53	5.4	2.4	7.7
398	308	Imp. Cont. Gas £1	370	-8	†9.96	3.3	4.0	8.7
33	22	Ingall Inds. 10p	30xd		1.87	ϕ	9.3	ϕ
95	61	Initial Services	91½		15.06	2.6	8.2	7.1
20½	[illegible]	Inter-City 5p	20½		†0.61	2.7	4.5	12.3
54	39	James (John)	52½	-1½	d2.76	2.8	7.9	5.1
15¼	[illegible]	[illegible]	13		d1.02	ϕ	11.7	ϕ
307	149	Jardine M. HK$5	254	+8	[illegible]	2.3	3.0	14.5
321	23½	Jentique	31xd		2.22	ϕ	10.7	ϕ
12½	10	Johnson & Barnes	10					
112	76½	Johnson Clnrs.	104	+½	†3.95	4.0	5.7	4.9
480	375	Johnson Mtty. £1	462		13.83	3.6	4.5	8.9
45	32	Jourdan (T.) 10p	41		†2.93	2.7	10.7	4.4
36	28	Kalamazoo 10p	34½	+½	2.16	ϕ	9.6	ϕ
118	88	Kelsey Inds.	106		3.28	6.6	4.6	5.0
47	23	Kennedy Sm. 10p	38		1.61	ϕ	6.3	ϕ
£10⅞	900	Kershaw 'A' 5p	£10⅞		†36.14	2.0	2.3	(26.5)
77	62	Kleen-E-Ze Hldgs.	77	-4	d4.33	1.9	8.4	9.3
101	76	L.C.P. Hldgs.	93	-1	4.86	2.4	7.8	6.3
43	32	L.K. Int'l. Inv.	39		†d2.64	3.0	10.5	5.5
43	34	L.H.C. Int. 10p	36		2.23	1.6	9.4	8.9
74	53	Lawtex	64		3.22	ϕ	7.7	ϕ
164	128	Lead Inds. 50p	155xd		†7.48	3.3	7.2	6.3
139	93	Leaderflush	130		†4.15	4.4	4.8	6.9
49	38	Le Bas (Edr.)	41		†1.85	4.4	6.7	5.0
56	43	Lebotf Fobel 10p	44½	-1	1.79	3.6	6.0	5.8
70	36	Leigh Harris	47		3.32	2.9	10.5	(3.8)
		For Leech Ints. see Chemicals						
116	76	Leisure Car. 10p	115	+2	h3.25	2.3	4.2	15.0
255	235	Lep Group 10p	247		3.46	8.6	2.1	7.1
97	57	Lesney Prods. 5p	89xd		†d2.94	3.8	4.9	6.2

INSURANCE—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
215	157	Matthew Wr. 20p	183		†9.33	2.1	7.6	8
216	151	Minet Hldgs. 20p	176	+1	3.38	4.3	2.9	10
67	47	Moran (Chris.) 20p	55	-1	3.62	1.3	9.8	11
272	216	Pearl 5p	228	+2	12.78	—	8.4	—
292	232	Phoenix	238	-2	†10.51	—	6.7	—
142	120	Provident 'A'	140		†0.29	—	9.1	—
142	120	Do. 'B'	140		†8.29	—	9.1	—
173	136	Prudential 5p	140xd	+1	†6.75	—	7.2	—
148	125	Refuge 5p	144	+3	8.12	—	8.6	—
425	343	Royal	345		116.7	—	7.4	—
475	310	Sedg. Forbes 10p	402	-1	†9.74	3.3	3.6	12
113	94	Stenhouse	105	-1	†4.11	2.7	5.8	8
606	504	Sun Alliance £1	534	-6	†20.46	—	5.8	—
117	91	Sun Life 5p	103	-1	3.48	—	5.1	—
£10	679	Taisho Mar. Y50	886	-15	[illegible]	—	0.6	—
190	155	Trade Indemnity	175		†18.60	—	7.3	—
£32½	£17⅝	Travelers $2.50	£24¼	-⅝	Q$1.68	—	3.5	—
303	243	Willis Faber	245		19.34	2.4	5.6	11

LEISURE

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
94	69	Anglia TV 'A'	90		†4.24	3.1	7.0	6
75½	44½	Assoc. Leisure 5p	73½	-1	3.07	2.7	6.2	7
175	60	Barr & W.A.T. 'A'	166xd	-1	†13.79	6.6	4.3	5
119	92	Black Edgtn. 50p	92		†4.47	1.9	7.4	11
212	163	Boosey & Hawkes	177		5.16	4.6	4.3	7
136	99	Campari 20p	104		2.0	9.2	2.9	5
129	98	Do. 'B'	103		—	—	—	—
144	93	Coral Leis. 10p	116	-1	6.09	2.8	7.7	6
40	32	Grampian 'A' 10p	37	-1	2.23	2.7	9.0	6
65	55	Green Group 10p	65ϕ		ϕ4.23	2.5	6.5	9
135	108	HTV Non/V	125		9.0	1.8	10.7	7
41	30	Highgate Opt. 10p	38		2.44	1.7	9.6	9
118	71½	Horizon 5p	118	+2	M5.73	3.4	7.2	12
32	18½	Ho'rd Wy'd 20p	31		1.0	ϕ	4.9	ϕ
157	106	LWT A	135		†6.28	2.5	7.0	8
98	69	Magnet Ag. M. 10p	93	-1½	†5.69	2.8	9.0	5
13	5	Nelsonside 5p	9½		0.38	2.9	5.9	8
232	158	Norton & Wr. 10p	232	+7	d4.25	3.8	2.7	14
52	33	Photax (Lon.)	40		d2.76	1.9	10.3	7

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh. 50c	170	-2	Q60c	ϕ	21.6
24	15	Rhod'n Corp. 16⅔p	17		0.57	7.1	5.0
80	52	Roan Cons. K4	74	+1	—	—	—
41	30	Wankie Col. Rh.1	31xd	+1	Q9c	ϕ	17.3
17½	10	Zam.Cpr. SBD0.24	15½		—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	10		—	—	—
140	64	Bougainville Copper	131	+2	†Q8c	1.4	3.8
131	63	BH South 50c	122	+2	—	—	—
520	150	Central Pacific	430		—	—	—
346	148	Conzinc Riotinto 50c	282	+4	†Q10c	2.2	‡
27	9½	Endeavour 20c	22½		—	—	—
72	45	G.M. Kalgoorlie $1	72	+6	—	—	—
58	18	Haoma Gold N.L.	42		—	—	—
140	81	Hampton Areas 5p	126	+1	t3.55	2.0	4.2
40	10	Metals Ex. 50c	31½	+1	—	—	—
223	125	M.I.M. Hldgs. 50c	192xc	-1	Q9c	1.7	2.9
59	10	Mount Lyell 25c	35		—	—	—
7	1½	Newmetal 10c	7	-½	—	—	—
143	79	North B. Hill 50c	114	+1	Q8c	1.3	4.4
16½	8½	Nth. Kalgurli	14½		—	—	—
50	12	Nth. West Mining	31	-2	—	—	—
178	117	Oakbridge $A1	129	-2	†Q11c	1.9	5.5
42	10	[illegible] N.L.	25		—	—	—
70	30	Pacific Copper	67	-5	—	—	—
£15½	750	Pancont 25c	£10	-½	—	—	—
40	12	Paringa M.&Ex. 5p	27½	-½	—	—	—
570	310	Peko-Wallsend 50c	476	+8	Q15c	ϕ	2.0
200	50	Southern Pacific	170		—	—	—
164	84	Western Mining 50c	142	-1	Q3c	0.7	‡
70	35	Whim Creek 20c	55		—	—	—

TINS

COPPER

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	57	+1	—	—	—
17	9	Burma Mines 17½p	15		—	—	—
300	215	Cons. Murch. 10c	235		†Q30c	2.6	‡
465	245	Northgate C$1	405	+40	—	—	—
263	164	R.T.Z.	260	+5	9.5	2.8	5.5
90	50	Sabina Inds. C$1	55	+1	—	—	—
£12	750	Tara Exploration $1	837		—	—	—
82	43	Yeoman Minerals 10p	82	+2	ϕ1.35	ϕ	2.5
165	120	Yukon Cons. C$1	155		Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ■ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ❖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ¤ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ▼ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ✣ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 44

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	26	
Ash Spinning	49	
Bertam	17	
Bdgwtr Est. 50p	330	
Clover Croft	26	
Craig & Rose £1	520	
Dyson (R. A.) A	37	
Ellis & McHdy.	67	
Evered	27	
Fife Forge	52	
Finlay Pkg. 5p	21xd	
Graig Ship. £1	140	-7
Higson Brew	77	
I.O.M. Stm. £1	172	
Holt (Jos.) 25p	256	
N'thn. Goldsmith	66	
Pearce (C. H.)	190	
Peel Mills	21	
Sheffield Brick	56xd	
Sheff. Refrshmt.	64	+1
Sindall (Wm.)	110	+1

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£90½	
Alliance Gas	90xd	+3
Arnott	375	+10
Carroll (P.J.)	99	+4
Clondalkin	89xd	+1
Concrete Prods.	128	-2
Heiton (Hldgs.)	49	+1
Ins. Corp.	190	
Irish Ropes	100	
Jacob	59xd	
Sunbeam	32	
T.M.G.	200	
Unidare	85	

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	5¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	15	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday October 20 1978

Money supply rises sharply

BY MICHAEL BLANDEN

THE MONEY supply rose sharply last month as a result of an exceptionally large central government borrowing requirement.

The latest figures published by the Bank of England also indicated that official sales of gilt-edged securities, disclosed in detail for the first time, have been rather bigger in the last two months than has been assumed in the City.

In spite of last month's increase, the growth of the money stock so far in the financial year remains below the official target range of 8-12 per cent set in the Budget. This target, now set on a six-month rolling basis, is due to be examined within the next month.

The statistics also confirmed the indication by the banking figures published last week that the growth of bank lending to the private sector has at least temporarily slackened after the sharp increases in earlier months. This may reflect in part the re-imposition of the corset controls on the growth of the banks.

The Bank said yesterday that the sterling money stock on the wider definition (M3) rose by £568m after seasonal adjustment in the five-week period to mid-September.

This represented an increase of 1.2 per cent, reversing the previous month's exceptional fall of one per cent. Over the first five months of the current financial year, sterling M3 has increased by some 2½ per cent, equivalent to an annual rate of growth of about six per cent.

The money stock on the narrower definition (M1) showed a sharp rise of £508m seasonally adjusted, or 2.1 per cent. The figures also showed that domestic credit, the main measure of interest to the International Monetary Fund, expanded by £704m during the month.

So far this year, domestic credit expansion has totalled just under £2bn, compared with the official ceiling of £6bn.

Gilt-edged

The main influence on the figures was the exceptionally large central government borrowing requirement of £1.22bn. This reflected both the initial impact on Government revenue of the lower-rate income tax band, back-dated to the start of the financial year, and heavy on-lending to the rest of the public sector.

The Bank also showed, however, that there were further quite substantial purchases of Government debt in various forms, though these were not enough to offset the borrowing requirement.

Purchases of gilt-edged stock by the non-bank private sector totalled £334m during the month, and with the help of the burst of gilt-edged sales in June and July the Bank has sold more than £3bn in the first five months of the financial year.

The public also took up another £140m of National Savings instruments last month, and there were sales of £301m of certificates of tax deposits. Total sales of Government debt to the non-bank private sector were £745m before seasonal adjustment last month.

Private sector borrowing in sterling from the banks was lower than in recent months at a total of £184m, seasonally adjusted, after allowing for a fall in the amount of commercial bills held by the Bank's own issue department.

Among the other main counterparts to the increase in the money stock, the external influences showed a rise of £160m, implying some inflow of funds into the non-bank private sector.

Table, Page 9

Shadow hangs over BL's £280m scheme

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL—formerly British Leyland—had submitted its £280m programme to double output of the highly profitable Land-Rover and Range Rover models to the National Enterprise Board, Mr. Michael Edwards, chairman, said yesterday at the International Motor Show.

However, a shadow still overhangs the project, regarded as critical to the future viability of the state-owned concern.

Shop stewards at Rover, Solihull, have indicated that they are not prepared to operate the double-shift working considered necessary by the management to justify what would be one of the biggest investments ever made in the UK motor industry.

Mr. Joe Harris, the Transport and General Workers Union convenor, said last night that discussions had been held with shop stewards and, as yet, the point of conflict had not arrived.

Assembly workers at Solihull mounted a successful campaign last year to avoid working a night shift on the award winning Rover saloons.

Hopes remain that the co-operation of the Solihull workers will be gained for the £280m project, but failure would confront Mr. Edwardes with a difficult decision.

Rumours are already circulating within Rover that the management might call a halt to investment on Land-Rover and Range-Rover already under way at Solihull and consider an alternative site.

Since he took over as chairman nearly 12 months ago, Mr. Edwardes has made it clear that the workforce must accept productivity advances to justify further capital investment.

Ken Gooding writes: Mr. Edwardes rejected suggestions that the group might seek a solution by merging with Renault, the state-owned French concern.

"Renault is philosophically against companies of its size being involved in mergers. BL, for its part, has no intention of taking over another manufacturer, nor of being taken over by anyone else," he said, reading from a prepared statement, issued jointly with Renault.

The two groups were exploring the possibility of a gear boxes development and future engine developments. "These discussions are being pursued at a normal pace, and will continue well into 1979. BL and Renault are exploring different but similar possibilities with other manufacturers," he said.

Priority

BL's main problem was that its production performance, although no worse than the rest of the British motor industry, was well below world standards.

"Not even a merger will solve our production interruption problems. This is our first and over-riding priority, and it is absorbing a vast amount of time, not only of management, but of trade union officials and of employee representatives."

He had set up a weekend meeting of trade union officials, directors of the car companies, and employee representatives from a number of plants.

"The mere fact that this group of people sees the need to get together and to try to resolve these complex problems is a source of great encouragement. Without a resolution of this problem, the outlook is bleak."

Mr. Edwardes went on to stress BL's financial strength. "We now have a balance sheet that is stronger than the balance sheets of many motor manufacturers round the world, with equity and subordinated long-term loans of nearly £1bn."

BL could be a viable group in spite of having a modest output, in world terms, of 800,000 cars a year. "If we fail, I will never make the excuse that we make too few cars.

"Since the black days at the turn of the year," BL's market share in Britain had improved steadily.

"To politicians who say: Is there any need for BL? I would point out exports were just short of £500m at the half-year." Nearly all the overseas subsidiaries were profitable.

In the months ahead, the outlook was even brighter because BL had a great deal in the pipeline. A new series 3 Jaguar would appear next year, as would a new Leyland truck. "The mighty Mini" would begin production in less than two years.

The prospect of a North American launch for the Rover Saloon had become feasible through much-improved production at Solihull, which has increased from 600 a week to 1,300 a week over the past year, so that £90m investment was beginning to pay.

Stock Exchange to fight Fair Trading Office

BY CHRISTINE MOIR

THE STOCK EXCHANGE has issued a double challenge to the Office of Fair Trading, which it believes is threatening the foundations on which the securities industry has been built over the past century.

A letter from the Council of the Stock Exchange, delivered yesterday to the office, announces its intention to "maintain and defend" its restrictive practices, a move that will lead it into the Restrictive Practices Court in a fight to preserve the traditional system of trading in securities on the London market.

The letter was reinforced by a speech last night by Mr. Nicholas Goodison, chairman of the Stock Exchange, in which he asserted that the office had the power to change the entire foundation of securities dealing without any thought about what might take its place

He asked if it was even "sensible at a time when financial stability is so very much needed" that the voluntary agreements that led to the proper regulation of the securities market should be dragged "involuntarily" before a court.

The Stock Exchange, commenting on the announcements, admitted that the Council regarded the investigation by the office as one of the most important struggles it had faced.

The wording of the letter to the office will result in an appearance before the court. The council said simply that its main restrictive practices provided substantial benefits and advantages to the users of the exchange and, therefore, it intended to maintain and defend them.

The Director-General of Fair Trading has a statutory duty to refer to the court any "significant" restrictive agreement. The letter from the Stock Exchange conceded that the restrictions it imposes on members and public companies are "restrictive," thereby signalling that it intends to conduct its battle head-on.

German truck company in U.S.

BY JOHN WYLES

NEW YORK, Oct. 19.

WEST GERMANY'S Maschinenfabrik - Augsberg - Nurenberg (MAN) has joined the growing ranks of European truck manufacturers seeking a toehold in the U.S. market by concluding a potentially wide-ranging investment and marketing agreement with White Motor Corp, of East lake, Ohio.

MAN has gone further than any of its other European rivals by agreeing in principle to take a 12.6 per cent equity stake in White Motor for $15.6m. This is intended to pave the way for the first assembly of a European truck in the U.S.—MAN's diesel-engined medium duty model.

MAN will buy 1.2m authorised but unissued White Motor shares for $13 a share — a 12 per cent premium over White's share price when trading was halted this morning.

The arrangement is of great potential importance to both companies. White Motor has been climbing back from near financial extinction in 1975 when it lost $69.4m. But it still lacks the resources to expand its exclusively heavy-duty truck product line to include smaller trucks and so compete more effectively with the goliaths of the industry—International Harvester, General Motors and Ford.

For its part, MAN gains access to an extremely buoyant market through White's dealer network and to a potential shelter from the vagaries of currency movements which are making life difficult for all foreign motor manufacturers.

The agreement in principle also offers MAN the chance "to merchandise and assemble White Motor trucks outside North America using appropriate MAN components."

With slow growth and sharp competition in the domestic European market, a number of European truck manufacturers have sought transatlantic ties this year.

Continued from Page 1

Namibia talks

Mr. Botha conceded at his news conference that he would be prepared to accept an electoral victory by the South West Africa People's Organisation, the group fighting a guerrilla war against South African troops. "They have the right and the possibility of winning the election" provided they took part in a constitutional way, he said.

South Africa's determination to go ahead with its own elections was an attempt to prove that SWAPO was not the "sole authentic representative" of the Namibian people, as stated by the UN, Mr. Botha said.

Destruction of pay policy 'step to disaster' says Heath

By Philip Rawstorne

THE APPROACH to pay policy being adopted by the Tory leadership was an "abdication of government," Mr. Edward Heath said last night.

Monetary and fiscal policies could not be used alone to curb inflationary wage settlements. "Dismantling an incomes policy does not remove the problems," said the former Prime Minister.

In a renewed and vigorous challenge to Mrs. Margaret Thatcher's non-interventionist stance, he said that if the Government's present pay guidelines were destroyed, the country would take "a giant step back towards disaster."

He told Chelsea Conservative Association: "To unleash, at this time, a new wages explosion would be an act of madness."

Prices would rocket. "If inflation were allowed to get back to the level of 20 per cent, a pound would in four years' time be worth 50p. How in these conditions, could you expect let alone encourage people to save?"

Companies unable to meet excessive wage demands would be bankrupted and thousands of people would find themselves priced out of jobs.

Abdication

It was argued that with sound monetary and fiscal policies, union negotiators would come to see these consequences and learn to behave responsibly.

"The truth is that, time and again, negotiators faced with the consequences of inflation and unemployment in the absence of an incomes policy did make inflationary settlements."

It was argued that Governments had intervened too soon to allow the unions to see the folly of their ways. "Is the Government to stand by and allow inflation to soar . . . unemployment to rise . . . firms destroyed . . . savings vanish in the hope that this will teach the unions a lesson. This is not government. It is abdication of government.

"You can get rid of a pay norm and negotiators will still press for more than the company or the country can afford. You can try to take the Government out of pay bargaining in the nationalised industries, but negotiators will still bargain in the knowledge that the Government can't allow the public utilities to go bust.

"You can impose cash limits in the public sector and lay off workers and the unions can still bring coal, electricity or the railways to a standstill

Reality

There was no single or simple solution to inflation. "We need to use all the economic weapons at our disposal and that includes an incomes policy."

It was not heresy for Conservatives to support incomes policies. The Macmillan Government had pursued them and harsh reality had constantly driven governments, often reluctantly to wrestle directly with the inflationary problems posed by excessive pay settlements.

"We must build on what has been achieved and breathe fresh life into our existing industries as well as encourage the creation of new ones. The real work still remains to be done," said Mr. Heath.

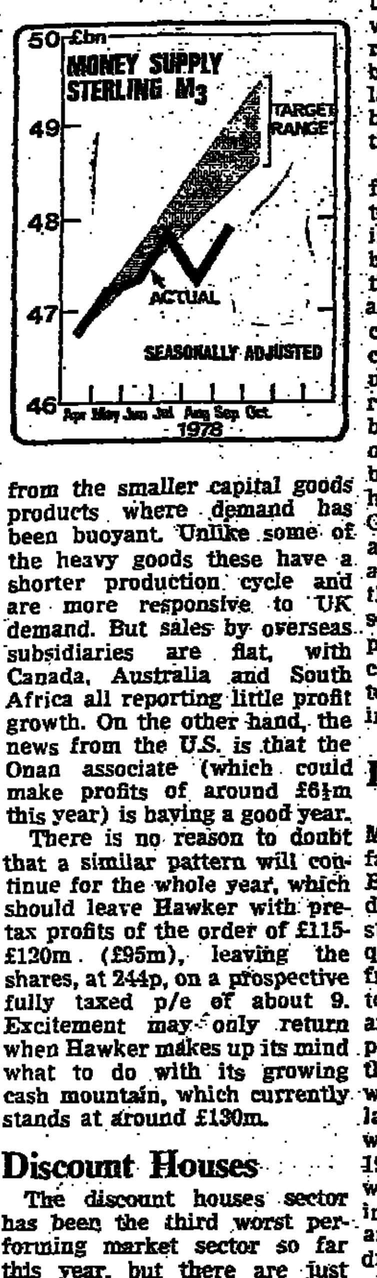
He was politely applauded for the most part but met some criticism. Mr. Heath told a member of the audience that party unity was desirable, "but not a false unity."

There were shouts when Mr. Heath, replying to a demand that he should affirm his loyalty to Mrs. Thatcher, said: "I made that clear on the day she was elected." Full unity could come only from discussing the issues and finding an arrangement.

THE LEX COLUMN

Soothing a nervous market

Index rose 1.0 to 495.6



The authorities made a concerted effort to soothe nerves in the financial markets yesterday. As expected the Minimum Lending Rate was held unchanged at lunchtime and in the afternoon, in presenting the monthly banking figures, the Bank of England went out of its way to emphasise that the Government's funding programme had far from ground to a halt since July. In the evening the Chancellor and the Governor, speechmaking at the Lord Mayor's banquet, underlined the need for financial stability whether the UK is inside or outside the proposed European monetary system.

Certainly, the pressures on the Government appear to be far from strong at present. Externally sterling has stayed comparatively steady (though this disguises a continuing slide against the currencies of our European partners). The money supply—on the chosen sterling M3 measure—also appears to be well under control After five months, the growth of sterling M3 continues to lag well below the bottom of the target range, although other monetary aggregates (M1) have been more buoyant.

Entirely left out of last night's port and cigars phraseology, however, were the City's real world concerns about the breakdown of pay policy, an industrial profits squeeze and soaring U.S. interest rates. The Chancellor did not reveal the level at which he will roll forward his monetary targets, and appeared to be happier than his audience probably was, that the Government's fiscal policy is consistent with its monetary stance

Hawker Siddeley

Hawker Siddeley's interim profits are £10m higher at £55½m, and on the higher side of what the stock market was looking for. The figures this time however have benefited to the tune of £5.3m from interest on the £60m of aerospace compensation—almost half of which relates to prior periods. If interest is excluded, trading margins have narrowed slightly. This seems to reflect tougher conditions on the heavy electrical and diesel side, where orders are more spasmodic and competition is keen. The slack is probably most marked on the marine engine side with the result that the Mirrlees factory in Stockport is working a four-day week.

The improvement has come from the smaller capital goods products where demand has been buoyant. Unlike some of the heavy goods these have a shorter production cycle and are more responsive to UK demand. But sales by overseas subsidiaries are flat, with Canada, Australia and South Africa all reporting little profit growth. On the other hand, the news from the U.S. is that the Onan associate (which could make profits of around £6½m this year) is having a good year.

There is no reason to doubt that a similar pattern will continue for the whole year, which should leave Hawker with pre-tax profits of the order of £115-£120m (£95m), leaving the shares, at 244p, on a prospective fully taxed p/e of about 9. Excitement may only return when Hawker makes up its mind what to do with its growing cash mountain, which currently stands at around £130m.

Discount Houses

The discount houses sector has been the third worst performing market sector so far this year, but there are just a few signs of encouragement in the half-time statement from Gerrard and National — along with the interim reports earlier in the week from Jessel Toynbee and Smith St. Aubyn. With the worst of the rise in interest rates over by June, the July-September quarter turns out to have been a reasonable one for the houses; money rates have been comparatively stable and running margins have widened profitably. In the past week or so, however, the money market has become extremely nervous, fearing that UK interest rates will have to follow U.S. rates upwards. It is being suggested in the market that the five largest houses all failed to get any Treasury bills at last week's tender, when the rate rose by half a point, and some believe that the Bank of England took a proportion of the bills itself in order to prevent the rate going still higher.

The big feature of the past few months has, of course, been the massive switch out of [illegible] into commercial bills as the banking system has adjusted to the corset. With most houses running against their 20 times multiplier, corset pressures are likely to continue to make bills unusually profitable to hold on a running basis (even on Treasury bills there is a running margin of around 1 per cent at present) but the risks are obviously also high. Against this background, Gerrard's first half profits appears to have been reasonable—albeit a long way behind the massive earnings of the same period last year—and the prospective yield is a safe 8 per cent. But the shares are likely to remain ignored until the interest rate threat recedes.

Dunbee-Combex-Marx

Toymaker Dunbee-Combex-Marx has established one of the fastest growing profit records in British industry over the last decade—but yesterday's interim statement raises a number of questions about where it goes from here. In marked contrast to the confident tone of July's annual meeting, DCM now reports a loss of nearly £3m in the half year to June compared with profits of £721,000 pre-tax last time. Profits for the year will "probably" be lower than 1977's £6.4m pre-tax. The shares, which had fallen about a fifth in the three weeks prior to the announcement, [illegible] dropped another [illegible].

DCM's explosive growth has been built on the acquisition at knockdown prices of companies with management or financial problems. Some of the overseas businesses now seem to be running into heavy water. DCM earns much the greater part of its profits in the current half and thinks that the worst is over. It needs to be right since in the last balance sheet pro forma borrowings (including deferred acquisition costs) amounted to £25m against net worth of under £24m, while in July this figure had risen to a seasonal peak of £45m.

Consumer spending hits peak

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONSUMER spending is now at a record level. After rising sharply during the summer, it is above the peak attained in early 1973 during the Barber boom.

Preliminary estimates, published yesterday by the Central Statistical Office, show that the volume of consumers' expenditure in the July-to-September quarter was about £16.65bn, at 1975 prices and seasonally adjusted.

This represents an increase of more than 1½ per cent on the second quarter level and of roughly 5½ per cent compared with the third quarter of last year.

The result is that the previous record level in the first quarter of 1973 has been exceeded and expenditure for this year as a whole should be slightly higher than five years ago after several years of a falling or flat trend.

The rapid recovery in spending over the last year has directly reflected the rise in living standards produced by the slackening in the rate of price inflation, the associated growth of real incomes and the large income tax cuts.

Indeed, the rise in spending has lagged slightly behind the increase in disposable incomes as households have built up their savings.

The rise in consumer expenditure has been the main reason for the marked acceleration in the growth of total output, as measured by Gross Domestic Product during this year.

Consumer spending in real terms in the first nine months of this year was 5.1 per cent higher than in the same period of last year and this rate should be maintained at least until early next year.

Consumers' Expenditure
at 1975 prices,
seasonally adjusted

		£m
1973		65,497
1974		64,070
1975		63,192
1976		63,320
1977		62,732
	1st	15,619
	2nd	15,495
	3rd	15,777
	4th	15,841
1978	1st	16,361
	2nd	16,373
	3rd	16,648*

* First preliminary estimate
Source: Central Statistical Office

The outlook from next Spring onwards depends on the level of pay settlements, the rate of price inflation and savings.

The Central Statistical Office figures show that between the second and third quarters of this year expenditure on motor vehicles and on fuel and light fell slightly.

But there were increases in spending in all areas of retail sales, particularly food, radio and electrical goods, and clothing and footwear. Retail sales account for around two-fifths of consumer spending.

Although detailed third-quarter figures are not yet available, spending on durable goods had risen by nearly a quarter up to the middle of this year, notably as a result of the sharp rise in car sales.

But expenditure on durables accounts for only about a tenth of total consumer spending, and other categories such as food and clothing have also been recovering steadily.

Weather

UK TODAY

SOME rain in places, becoming dry.

London, S. England, Midlands, Channel Islands, S. Wales
Rain at first, becoming dry with sunny periods. Max. 13C (56F).

E. Anglia, E., N-E England, Borders, Edinburgh, Dundee
Some rain sunny intervals. Max. 10-11C (50-52F).

N. Wales, N. England, Lakes
Mostly dry, sunny periods. Max. 11C (52F).

Isle of Man, Scotland, N. Ireland, Scottish islands
Showers with bright intervals. Cold. Max. 6-10C (43-50F).

Outlook: Dry, overnight fog. Becoming cloudy in north with some rain.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	13	55	Luxemb'g	F	8	44
Athens	C	22	72	Madrid	S	18	64
Bahrain	S	32	90	Manchstr.	C	11	52
Barcelona	R	13	55	Melbourne	C	12	54
Belfast	C	12	54	Milan	C	17	63
Belgrade	S	17	63	Montreal	C	6	43
Berlin	R	10	50	Moscow	S	10	50
Brmghm.	C	11	52	Munich	C	6	43
Bristol	C	12	54	Newcastle	C	12	54
Brussels	F	14	57	New York	C	14	57
Budapest	C	16	61	Oslo	F	12	54
B. Aires	C	17	63	Paris	F	13	55
Cairo	S	34	93	Perth	S	25	77
Cardiff	C	12	54	Reykjavik	R	4	39
Chicago	S	9	48	Rio de J'o	R	25	78
Cologne	C	7	45	Rome	F	24	75
Copnhagn.	C	12	54	Singapore	S	29	85
Dublin	C	12	54	Stockholm	S	11	52
Edinburgh	C	12	54	Strasbrg.	S	11	52
Frankfurt	S	9	48	Sydney	C	16	61
Geneva	C	9	48	Tehran	S	23	74
Glasgow	C	11	52	Tel Aviv	S	25	77
Helsinki	C	9	48	Tokyo	C	16	61
H. Kong	C	24	75	Toronto	C	7	45
Jo'burg	C	21	70	Vienna	R	9	48
Lisbon	S	17	63	Warsaw	F	10	50
London	C	13	55	Zurich	C	8	46

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	18	64	Istanbul	S	22	72
Algiers	C	16	61	Jersey	C	12	54
Biarritz	F	11	52	Las Plms.	C	21	70
Blackpool	R	12	54	Locarno	S	17	63
Bordeaux	S	14	57	Majorca	C	19	66
Boulogne	C	10	50	Malaga	S	19	66
Casablnca.	S	19	66	Nairobi	S	24	75
Cape Town	S	19	66	Naples	C	20	68
Corfu	C	18	64	Nice	S	24	75
Dubrovnik	C	20	68	Nicosia	C	24	75
Faro	S	19	66	Oporto	S	17	63
Florence	S	24	75	Rhodes	S	23	73
Funchal	F	21	70	Salzburg	C	9	48
Gibraltar	S	20	68	Tangier	S	19	66
Guernsey	C	13	55	Tenerife	C	21	70
Innsbruck	C	9	48	Tunis	S	24	75
Inverness	F	14	57	Valencia	C	17	63
Isle of Man	R	12	54	Venice	S	20	68

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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